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What we need to make TTIP work

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Ladies and gentlemen,

As you will have gathered from the remarks from Minister Gabriel and Ambassador Froman, the Transatlantic Trade and Investment Partnership is a complex negotiation.

It covers trade in large volumes, different goods and services, touching upon a variety of government policies.

But for all its complexity, the practical reality of this negotiation is simple:

Either we reach a deal that creates real new opportunities for both sides...

...while staying true to the values of both sides...

...or we will fail.

That makes our objective also very simple. How do we do this?

In my view we have to do three things:

First, aim high. People in Germany, the rest of Europe and the United States will only benefit if the eventual deal actually creates many new opportunities for companies to trade.

Second, remember our values. The reason we can aim high is because we have many values in common. But we also know we have different societal choices on important issues. So the deal – and the negotiation – needs to respect both the values we share and our right to disagree.

Third, work together. If we want this to work we need a deal that works for people on both sides of the Atlantic.

That means we need huge cooperative effort...

... within the European Union ...

... between the European Commission and the US Trade Representative..

... and also among the many actors in the US who have a stake in this deal.

Let me take each of these three points in turn.

Why do we have to **aim high**?

This deal has potential. It can create a lot of growth and jobs. It can improve the choice for consumers and lower the prices citizens pay for products and services. It can help both the EU and the US maintain our position in a changing world.

But it can only do these three things if we are ambitious.

The agreement can only create growth and jobs if we make it easier for companies to trade across the Atlantic. That means increasing access to the American market for European firms... and vice versa.

That challenge needs to be tackled from all angles.

We wish to eliminate as many tariffs as possible. Tariffs are low on average but high for many exporters. German ceramics makers and ice-cream makers, for example, both pay over 20% in duties on every product they export to the US.

Improved market access for services companies is equally important: you just have to look at the success of T-Mobile in the US to see that. Services also support manufacturing trade. More than 40% of the value of Germany's automotive and railway exports is composed of services – like design, finance and distribution.

And we need to establish a level playing field in public procurement. In Europe some 31 million people work in companies for whom governments are essential customers - companies like Siemens or Hochtief here in Germany. If the TTIP is to create growth and jobs it needs to make it easier for those companies to sell to governments of all levels in both markets.

I am convinced: if we make solid progress on all three of these pillars of market access the agreement is to boost growth and jobs.

But they are not enough. We also need to make it easier for companies doing business across the Atlantic to comply with both European and American regulations. Regulatory costs are particularly important for the small businesses that make up 30% of EU exports and 99% of all companies here. Complying with regulation is often a fixed cost – meaning it weighs more on smaller firms than bigger ones.

They are also vital for small and large firms in major German industries like cars, chemicals and medical devices. So we need to lower regulatory costs – while keeping regulatory protection – if we want these sectors to fulfil their transatlantic potential.

That means making existing rules in these sectors converge where possible. It also means making sure EU and US regulatory authorities work better together earlier and more systematically, so that we avoid as much as possible future non-tariff barriers.

If we can do all of these things, we can expect a real boost to both economies.

People will also benefit from TTIP as consumers.

Let me explain:

Lower prices would affect a whole range of products we import from each other. Some of those products are consumer goods - like clothes and food. Others are components used to make products eventually bought by consumers.

But consumer prices will only come down if we are ambitious on tariffs and regulatory costs.

The same goes for increasing consumer choice.

Look at the car market for example. Although American and European cars are basically equally safe they have different safety standards for many parts of a car – like seats, doors and seatbelts.

If we aim high we would allow more American cars to be recognised as safe for driving Europe... and more European cars to be recognised as safe for driving in America –

giving consumers more choice about which model they want to drive. This is just one example.

The final gain from TTIP would be to strengthen the partnership between the two largest economies in the world, and in doing so prepare for the changed world of the 21st century. But – as you might guess – that also requires us to be ambitious.

One fact about the 21st century economy is that it is more integrated than ever: the value of world trade is about 30% of the value of global output.

That means strong, clear international trade rules are more and more important for local economies. Small changes in government policies half a world away in Asia affect people's wallets in Europe and the US.

The World Trade Organisation already provides many of the rules we need. But there are still gaps. That is particularly the case with regulatory issues. It is also the case for issues like how to treat state-owned enterprises, or energy and raw materials exports or how we can use trade agreements to uphold the protection of labour rights and the environment – what we might call rules.

Good multilateral rules on these kind of issues take a lot of time to achieve, if at all, because they are complicated. Working bilaterally within the TTIP to begin with is therefore much easier than working with the 159 members of the WTO.

And if the agreement covers 40% of the world economy, that will be a basis for future work with more partners.

What is more, working together now will help us have more influence in these future talks with a wider set of partners.

The balance of the global economy is also changing – with the rise of new powers in Asia, Latin America and soon in Africa. China may soon be the biggest economy in the world. As a result, both the EU and the US will have less weight in the future than we do today.

So if we still want to champion the values that we share – an open rules-based trading system or global rules based on high standards of health, the environment, labour and consumer protection – then we better work together.

Because we need to aim high, it is absolutely essential that we succeed in our second challenge: **protecting our values.**

Neither Europeans nor Americans will agree to a deal of such ambition if that means sacrificing principles they hold dear. That is just common sense.

One set of principles covers the values of democracy and transparency. The way we run these negotiations has to live up to them.

People wish to understand what we do during the talks. And the agreement needs detailed scrutiny and debate.

This is exactly what the European Commission is working towards.

We have made more information publicly available about this negotiation than any other trade negotiation in the past – with documents on all aspects of the EU positions publicly available on our website.

We also meet with all kinds of stakeholder organisations. That means a lot of companies of course – since they actually do the trade and investment we are trying to make easier. It also includes consumer and environmental organisations and trade unions – whom we also meet regularly: I have just had a deep exchange with the Deutsche Gewerkschafts Bund.

We have also consulted these groups – and private citizens – in writing. Before the talks began we held three online consultations. And we are right now consulting the public on one of the most sensitive issues in these talks – investment protection.

Most importantly, we work closely with the European Parliament and with Minister Gabriel and his 27 counterparts in the Council. National governments gave us our mandate to negotiate and we have held over 40 different meetings with their representatives since the talks began in July last year.

The European Parliament has set up a group to monitor these negotiations that includes the Chairs of all the Parliament's committees – including on the environment and consumer protection. The Commission has held more than 15 formal meetings with this and other groups in the Parliament since these talks began.

Crucially, in the end of the process, both the European Parliament and Member States will need to examine, debate, and approve the result – if they agree with it. The final decision will therefore be fully democratic.

In sum: We are not in a process of 'Geheimverhandlungen' but in constant exchange with the elected institutions of the Union and the public to make sure that we can present a deal at the end that preserves our values.

Beyond the value of democracy and transparency we are also very aware of societal choices, such as protecting consumers and the environment.

Both the EU and the US believe in these principles. American and European consumers both breathe some of the cleanest air, drive some of the safest cars and have access to the most innovative, safest medicines and medical devices anywhere in the world.

So we both need to make sure that nothing in this agreement undermines existing protections...

... or our ability to make new laws to protect citizens in the future.

Some people doubt this is possible. They suggest that we can't cut costs without cutting corners. But that is simply not the case.

Let me give you an example: Medicines.

Today, pharmaceutical factories in Germany that want to sell in both the EU and the US have to be inspected twice – by both the German and US authorities.

That might make sense if the factory safety rules on the other side of the Atlantic were different. But they are the same for both markets! So this is just a duplication of efforts that doesn't actually improve safety at all.

This is the kind of rule we are targeting in TTIP.

At the same time, we have to acknowledge that sometimes we will disagree. And if bridging those gaps would require us to abandon our values then we will simply not do it.

I have made very clear for example that EU law on hormone beef and genetically modified foods won't be changing as a result of this deal.

The debate on investment protection is also an important part of this picture. What many people seem to believe is that the goal of the EU and the US here is to create a system where companies can sue to block any regulation they don't like the look of.

But that is just not the case. What I am trying to do is to make sure that this agreement encourages job-creating investment...

... but also that we start tightening up the existing system of 1400 bilateral investment treaties.

Some companies do seem to want to stretch the meaning of existing rules beyond their original purpose. I want to stop that from happening – and I want the public's help and advice on how to do so – which is why we have launched the public consultation.

The third value we need to protect is privacy. Data protection is a fundamental right in the European Union, so this agreement can do nothing to undermine it – legally or morally. That is exactly how we are working. We are trying to facilitate trade in the digital economy which is so important for our future. But we will not be doing anything to change Europeans' rights to privacy.

Don't get me wrong – there are issues between the EU and the US to be resolved. But they need to be tackled outside the framework of these talks.

Ladies and gentlemen,

Even if the objective of TTIP is simple, achieving it is going to be quite a job.

That is why meeting our third challenge is so important: Making sure that all the people involved work cooperatively.

In Europe that involves the European Commission, 28 national governments, the European Parliament and the whole range of stakeholders who see an interest in this deal.

In the United States, it means not only Ambassador Froman, but also the two houses of Congress, the 50 state administrations, and the stakeholders on their side.

That will of course be complicated. That many people on both sides of the Atlantic can't possibly agree on everything.

But what we can agree on, I believe, is that a deal that benefits us in so many ways – economically and strategically – a deal that protects and even strengthens our values for the future – is in all of our interests.

And I believe that shared conviction will make sure we do what is needed to achieve it. I wish to thank Minister Gabriel for having provided an excellent opportunity for further deepen these points with you.

Thank you very much for your attention.