



Why TTIP is good for Germany

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Cecilia Malmström, Commissioner for Trade

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Ministers,

Thank you for holding your conference in Brussels. Contacts like these are essential at a difficult time for European politics.

Like it or not, many people all across this continent do not feel the political system is meeting their needs.

That goes especially for European politics. Based here in Brussels, with limited coverage in national media, the European Union is easy to see as remote, even out of touch.

Meetings like this one are so important because they help strengthen the connection between the European Union and the European people.

And that is particularly important when it comes to the Transatlantic Trade and Investment Partnership or TTIP for short.

Many people have said and written many things about these negotiations. For some people TTIP exemplifies the disconnection of European politics from the people.

I do understand where they are coming from. Brussels can seem far away. Washington DC more so. On top of this, the benefits of trade – lower prices, more choice, more demand for our exports – are spread out among many people, and so not always obvious.

But I also understand, and I say this in full respect of those who hold them, that those viewpoints do not see the full picture.

Because what I want to say to you today is that this agreement is in fact a direct response to the needs and hopes of all Europeans.

Why?

Because it's not about giving more profits to big business but about bringing jobs to communities who need them.

Because it's not about dismantling government protections but about making them more effective.

And because it's not about surrendering sovereignty but about strengthening Europe's position in the world at time of great change.

Let's start with jobs.

Let's be clear, what we do in a negotiation is make it easier to do business across borders. And that does help companies.

But that's not why we do it.

We do it because it helps people by creating jobs.

Germany knows more than most just how many jobs that open trade can bring.

7 million people in your country have a job thanks to your export success. That's more than 15% of people working in the country. And 15% of those jobs depend on exports to the United States.

So the question that TTIP puts before is, "Do we want more of those jobs?"

Do we want more jobs in Germany's fabled car industry?

In the TTIP we want to make EU and US car safety regulation more compatible. That is not easy to do, but it's made easier by the fact that our approach to car safety is actually very similar.

The reality – as anyone who has driven a car in America will sense – is that US cars are just as safe as European cars. If we can recognise this formally through TTIP we can make it much easier to trade while making sure people are safe.

That means more demand for cars made in Bavaria, in Baden-Württemberg and in Saxony too. And not just for the final cars but for all the parts and services that go into them – made by small companies, not big businesses.

And do we want more jobs in German machinery and engineering companies?

When I was preparing for this meeting, I read an interview with Carl Martin Welcker. He's the managing partner of a machine tools company called Alfred H. Schütte GmbH that employs 600 people in Cologne.

I was amazed to see that different standards on things like the colour of wiring and types of plugs and sockets means that it costs his firm 10 to 15% more to produce a machine for the US market than for the EU market.

The EU want to use TTIP to help reduce those costs. We are encouraging the US authorities to use international standards as a way of meeting their regulations. We want to cut the cost of checking whether products conform to US standards. And we want regulators to talk to each other before they set new rules to avoid unnecessary differences in the future.

Do we also want more jobs in the healthcare sector?

I've read about a company called Articomed in Schlüchtern, in Hessen. They make surgical instruments for knee operations. And they would like to sell their products on the other side of the Atlantic. But the regulatory costs are too high.

TTIP could lower that cost. We could agree on similar electronic forms in the EU and US for sending in data from clinical trials. Or make sure that the systems we use for tracking and recalling medical devices are compatible. Or recognise each other's factory inspections.

These kinds of changes could help companies grow and hire all across Germany – in Hessen, in North-Rhine Westphalia, and in Mecklenburg-Vorpommern – which has set itself the admirable goal of being Germany's leading federal state for the health sector.

A final example of how the choice to support TTIP is a choice for jobs in Germany – is the case of BHS Tabletop, a company making crockery in Selb, in Bavaria, and employing over a thousand people.

They pay up to 25% tariffs on their exports to the United States, a huge cost disadvantage!

TTIP would eliminate tariffs on crockery, driving growth and job creation at BHS and the many other companies like them.

These are the kinds of economic benefits that this agreement can bring to the states you represent.

When you decide your position on this agreement I hope you will bear them in mind.

But people in Germany and across Europe are not, thankfully, obsessed with money. They want more out of life and they want their governments to help them deliver it.

I'm thinking of things like safe food and other products and good public services like healthcare.

And it's on these questions that most of the debate around TTIP has focused.

But TTIP is not about dismantling government protections. In fact it's about protecting them and even making them more effective.

How? By negotiating an ambitious deal, but doing it carefully.

One way to be careful is to follow the EU's standard approach to public services in trade agreements.

Because no EU trade agreement that follows that approach has ever stopped any Member State from organising its health, education or water system the way it chooses.

Another way to be careful is to focus our regulatory cooperation work on areas where EU and US regulations are similar. That goes for all the areas I've spoken about: car safety, engineering and medical devices.

If we cooperate in these areas three things happen:

First, we get all the jobs that come with reducing the cost of doing business Second, we get to keep our high standards of regulatory protections;

And third, we stay well away from areas where we don't agree. Let me be very clear: TTIP will not change our laws on hormone beef and it will not change our laws on genetically modified food.

A final area to be careful is on investor-to-state dispute settlement, or ISDS.

This is clearly the most sensitive issue in the public debate on TTIP. It's also an issue where we are still working on a European approach.

So let me just say this. The Commission has studied all of the responses to the recent public consultation.

Many people – most of the respondents - believe ISDS is inherently flawed. Some people want it kept as it is. And still other people believe it should be reformed.

My position right now is the following.

Europe is the world's largest foreign investor and recipient of foreign investment. Millions of jobs depend on those investments. We have a strong interest in an international system that helps confidence and legal certainty. That's why Germany invented investment protection in 1959.

At the same time, the traditional approach to investment protection agreements is too narrow. When people were drafting these agreements they were more focused on protecting investment than they were on making sure that governments could regulate in the public interest. That imbalance has led to some of the cases that have shocked people so much. I don't want an ISDS like that.

What the Commission is doing now is examining how a TTIP deal on ISDS could help redress the balance. I believe that is possible – it's what we have managed to do in the Canada free trade agreement – CETA.

When we have a clear sense of what more can be done in TTIP beyond CETA, in the next few months, we will consult with the European Parliament and with the Member State governments, including Germany. Then we can establish a way forward, very carefully.

But all this caution on everything to do with regulation shouldn't stunt our ambition.

- Because, if we are ambitious we can create new ways for our highly talented regulators to share knowledge and best practices. That will lead to better quality regulation.
- If we are ambitious we can all make regulation more effective. I mentioned the examples of factory inspections for medical devices. If our inspectors don't have to travel to the US to inspect their factories and vice versa, they can spend their time enforcing the rules more effectively.

- If we are ambitious we can lower costs for transatlantic trade in medical devices and pharmaceuticals and therefore lower the costs for healthcare.
- And finally, if we are ambitious across the board on TTIP we will have a stronger economy, better able to afford high quality public services and strong regulation.

There is one more way that TTIP responds to people's needs.

Many people seem to believe that this negotiation will make Europe weaker. In fact it will make us stronger, ready to face the challenges of a fast-changing and insecure world.

It can do this in two ways.

First, by securing access to US energy exports. If you look back over all the episodes of instability in 2014, one episode looms large here in Europe – Russia's deplorable actions in Ukraine.

One of the factors that has limited Europe's response to those actions is our dependence on Russian energy. TTIP can help us reduce that dependence

The United States is going through an energy revolution, becoming a net exporter after so many years as a net importer.

A strong TTIP deal will guarantee Europe's access to those exports. That wouldn't solve all our energy problems, but it would strengthen our hand every time we go into a negotiation with our neighbour to the East.

The second way TTIP will make us stronger is by strengthening our alliance with the US.

The economic rise of emerging economies like China and Brazil is a huge step forward for humanity.

But it does mean that Europe's influence in the world is gradually falling, along with our share of the world economy.

That leads people to ask how European standards and values can be protected?

The answer is... through alliances.

And TTIP is a way to strengthen an alliance that will be fundamental to our ability to shape the world in the 21st Century.

For all our differences with... for all the times that we don't see eye to eye, it remains true is that the EU and the US share many values.

- Values like democracy, open markets, the rule of law, and respect for the individual.
- Values based on the shared heritage of the Enlightenment.
- Values that should be reflected in the rules that govern the international system.

Only by working together can Europe and the US achieve that goal. TTIP ensures we will.

Ministers,

Getting all of these benefits will not be easy. We will all need to work together.

For my part that means negotiating hard for Europe's interests. It also means making sure that people understand what is happening and can make their contribution. That's why I've put transparency at the heart of my work since November.

But you also here also have an important role. You can and should inform the Federal Government and the EU of the needs of people in your state. But you can and should also inform your people of what's at stake in this negotiation. Yours are credible voices in Germany's national conversation.

They are essential if we are to make the right decision, in everyone's best interest.

TTIP will not solve all our problems. Far from it.

But it will help us build a strong economy that provides jobs...

... helps us provide public services and high quality regulation...

... helps us protect Europe's values in a changing and unpredictable world.

It's a deal worth doing. And worth doing well.

I hope I will have your support. And I thank you very much for your attention.