

Thank you Inga (Michler) for that introduction.

And thank you for inviting Dow to part of this tremendous and important forum.

I was looking back at Dow's history at the American Chamber and noticed that Dow leadership last spoke at an AmCham event four years ago in Dusseldorf. The talk began this way: "We meet at a time of continued volatility and uncertainty ..."

Who would have thought that 2014 would seem like "... the good old days ..."? I'm not sure what is up the scale from volatility and uncertainty ... but I am pretty certain we are there.

The business world is neither more predictable nor more stable than it was four years. Our global economic system, at the very least, seems more capricious and more arbitrary than ever.

Even as we keep one optimistic eye on global growth, we keep a more wary eye on the growing randomness in trade regulations and agreements among nations and regions. And we keep our ears tuned for any signal that our lives will become even more complex.

I'm sure your firms are like mine: there are certain words that – when they're spoken in reference to our largest national economies – give us great pause. Words like nationalism ... populism ... protectionism.

We hear those words and, in our minds, we hear "closed borders" and "higher tariffs." We hear, without it being said, "more regulations" and "greater trade instability."

I've spoken with many world business leaders lately. And I know, that when we hear those words we worry about how we – collectively – can continue this global free trade miracle that for the past 60 years has done so much to improve the lives of people on this planet.

That's why I am so thankful there are organizations – like the American Chamber – that continue to point us in the right direction. And I'm thankful for people like you who continue to support the American Chamber and its mission.

So what I'd like to do in my brief time here is talk about trade in four large areas:

- The many benefits of trade
- The growing skepticism of trade
- Why it's so important that we get this right; and

- How you and I can help shape the future of trade so it continues its indispensable role in advancing humankind.

And I'll start with a statement that – normally – would not even need to be said. And that is this: History shows that free trade – and economic openness – are in our best interest.

The facts are clear.

Study after study has shown what you and I feel and see every day around the world. Where free trade leads ... prosperity and opportunity follows. Greater openness and greater trade liberalization produces a long list of economic benefits when they are viewed in aggregate.

From 1960 to the 2007 financial crisis, global trade in goods and services grew at an average rate of about 6 percent a year. That's about 12 times that of real GDP over the same period.

Fueled by a reduction in trade costs and openness, the benefits spread widely.

- Higher rates of overall and sectoral productivity.
- Greater national GDP.
- Great and faster access to new technologies and sustainable solutions that truly solve local problems – clean water, safer healthier buildings.

Consumers – not restricted to buying only what their own countries can produce – have greater access to a wider variety of goods at services. And those goods and services come with lower prices.

This helps all of us and our citizens. But most of all these new, lower-priced goods are net positives for lower-income households, especially those in advanced economies who use a disproportionate amount of these imported items.

In addition, trade has led to higher rates of per capita income and income growth. The combination of higher incomes and lower costs has been astounding, lowering levels of poverty throughout the world.

I know of no other policy or economic philosophy – with the exception of capitalism itself – that has done more – for more people – than free trade. And I haven't even spoken about the many – irrefutable – benefits to the companies and firms actively involved in global trade.

On the aggregate, we have risen, too.

Consider this: A 2016 study found that a one percent reduction in tariffs on the inputs in one sector improved total factor productivity in that sector by two percent. **That is not a bad return.**

And our firms might complain that greater trade increases competition. But we also know that competition itself helps make our national and global economies more efficient in the long run.

Like all competition, it ensures the most efficient, competitive and best-performing companies win. And like competition, open markets allow us to transfer best practices, safer more efficient manufacturing processes, new technologies that produce more with less resources and policy agendas that protect health and human safety while inspiring economic competitiveness.

At Dow, we appreciate this race to the top. In fact, we thrive on it. Our founder, Herbert Henry Dow, was famous for saying: "If we can't do it better, then why do it at all?"

We understand – as I'm sure you do – that competition doesn't restrict growth – it accelerates it. Competition builds the best enabling environment – policy and practice – that allows firms to race against one another to do better, offer more, and contribute to local communities.

As an aside, it's one reason Dow is here in Germany in the first place. We have 13 sites in Germany that produce across the chemical spectrum. A polyurethanes systems house in Ahlen ... cellulose in Bomlitz ... a host of vinyl and plastics facilities in Central Germany, and of course, Europe's largest highly integrated chlorine electrolysis and derivatives plant in Stade.

Our philosophy is simple: If we can compete here – in Germany – where the modern chemical industry is so vibrant and rich – we can compete anywhere.

So despite what some may claim – fair, trade-based competition is not only useful ... it is necessary for our continued and shared growth. It makes good companies better and more efficient ... and it renders inefficient companies obsolete.

In short, it allows countries to manufacture and deliver services that they do best ... and develop pockets of exceptionalism where growth and innovation can flourish.

Unlike regressive nationalistic policies that attempt to prop up and protect dying firms and sectors, free trade policies bring out the best in all of us.

Germany – of all countries – knows this. Germany may never lead the world in low-cost production ... but very few countries can match the marketplace of ideas that live here and allow Germany to not only create and innovate some of the world's best technologies ... but then successfully export those to the rest of the world.

That's the beauty of a global free trade system. And I am so thankful – as are business leaders around the world – for this country's willingness to carry that message forward as a leader in the EU and around the world.

This is especially important when so many others have resorted to more protectionist language and policies. You are a living example of the very theme this conference was convened under:

“In Trade We Trust.”

At the same time, we should also acknowledge that there are some geographies – indeed, parts of the United States – where trust in trade has eroded into skepticism, doubt, and fear.

In many ways, we should have seen this retrenchment coming.

Global trade – as a concept – is unparalleled in its ability to lift humankind. But global trade – as it has been practiced over the past 60 years – has not been the economic savior all hoped it might be.

For all of the indisputable good that global trade has spread around the world – it has also led us to this reckoning point. The discrepancies of global trade practices are being laid bare and many are boldly questioning if free trade truly is the right policy going forward.

The central question, I believe, isn’t one of whether free trade – as an integral part of our global economic system – has been a net positive for the world.

The central question – the one that sows so much doubt in heartlands and more rural areas of the United States – is whether it has been equitable.

I hope we all agree that for any economic system to be sustainable it must also be equitable. It must work for all.

And the fact is there has been proof for some time that the benefits of global economies have not been equitably distributed. Rightly or wrongly, trade often takes the blame for this.

If you want to understand the dynamics of the U.S. right now when it comes to trade, it is important to look at it through this lens of equitability. And although I DID, in fact, grow up in America’s heartland, this is hardly my conclusion.

A joint report from the International Monetary Fund, the World Bank, and the World Trade Organization outlined part of that problem in report just last year.

“Trade,” the report stated, “can bring a human and economic downside that is frequently concentrated, sometimes harsh, and has too often become prolonged. [It] is leaving too many individuals and communities behind, notably also in advanced economies.”

Economists call this dislocation ... which, of course, is just a vague way to say that a lot of people lose their jobs – and a lot of communities get hurt – when conditions change for local business. Imports push out home-grown companies ... new technologies make some obsolete ... changing consumer trends leave industries behind.

By itself, that alone is enough to make any group of people skeptical.

But when it's combined with a lack of help to mitigate those losses, skepticism can slip into anger. It grows even worse because new industries and technologies tend to naturally gravitate towards larger urban areas, leaving rural workers even further behind.

So it may not surprise you that the greatest skepticism to free trade right now comes from the country that is also at the bottom of the list when it comes to offering programs to mitigate the impact that this combination of trade, technology, skills, and policy have on ALL workers.

The U.S. lags woefully behind other countries in this regard. Programs that increase skills and education, increase labor mobility, and improve employability are essential when all of these issues combine to negatively impacts individuals and communities.

Likewise, initiatives that lessen the impact of job loss – like wage subsidies and insurance – have proven helpful in mitigating the worst of the impact on displaced workers and hard-hit communities.

Of course, you know this. Germany is among the top 10 OECD countries when it comes to public expenditures on labor programs like the ones I mentioned. The many benefits from trade, in other words, are most likely more equitably distributed in countries like Germany and Denmark and Sweden and Belgium than in the U.S.

We need more policies like those. But we also need them spread wider.

Policies need to incentivize skills development (not just diploma acquisition). Governments need to work with the public sector to promote skills training, not just maintaining jobs that are increasingly being phased out. Governments also need to work with the private sector on promoting investments in some of these hard-hit territories.

Trade is a core element of that enabling environment, to be sure, but governments need to look at the comprehensive picture.

Companies make decisions based on the business case for investment. We should be collaborating on how to make that work for everyone.

For what it's worth, I would also point out that four of the top five countries providing the strongest programs to help their citizens find and keep employment ... are also among the top 10 happiest countries in the world according to the World Economic Forum.

That may be a coincidence ... but I suspect it is not.

Regardless, this is the part of global trade that we must get right.

Ending – or even slowing – global trade is not a viable option. We all realize that, despite recent skepticism, there simply isn't another system that can replicate our global value chains OR provide the kinds of efficiencies and growth that result from trade liberalization.

But this current pause does provide a unique opportunity to review, rebalance, and reset our priorities. If we ever hope to tackle the largest challenges the world faces – economic development climate change, marine debris, poverty – we must rely on the steady foundation built through trade to do it together as nation-states and partners.

That requires more cooperation, not less. It requires cross-border sharing of thoughts and cross-fertilization of ideas. None of us – alone – has all of the answers.

Let me give you one quick example to demonstrate just how interdependent we are on one other. You probably know that Dow is one of the leading producers of plastics in the world. And that plastic is growing at about 5 percent annually because it is a preferred material.

It is light and durable. It provides better protective qualities than other materials. It is fantastic to moving more food from farm to table than any other technology. Plus, it has a very high sustainability profile, especially compared to materials like glass, metal, and paper.

Its ability to help keep food fresher longer is a panacea for developing economies and their effort to fight food insecurity. It is revolutionizing transportation efficiency. And it is providing for the manufacture of truly unique and innovative life-saving medical equipment.

I'm sure you are also aware, however, that the world has a growing problem of ocean plastic pollution. According to various reports, at least 60 percent of all marine debris is plastic and that number is growing bigger, not smaller.

This is a clear threat to the sustainability of our oceans. Make no mistake: It is a serious, global problem.

But did you know that, according to one of Dow's partners – the Ocean Conservancy – more than 80 percent of ocean plastic actually comes from land-based sources. And at least half of that waste comes from just five countries in Asia.

Many of these countries have grown so fast and so strong – thanks in large part to global trade – that their plastics use has outstripped their ability to manage the waste.

There is, in other words, too little collection, too little recycling, and too much waste leaking into our waterways. Waste – in these countries - has no value and therefore it's ending up in oceans.

That's why Dow – as an industry leader – is joining our peers, customers, and value chain partners to launch an industry-wide initiative, an Alliance to end Plastic Waste. Our aim is to promote more responsibility and innovation when it comes to managing plastics waste.

We are working to bring businesses, civil groups, governments, and experts together to develop on-ground solutions that can be replicated elsewhere. The more value we can create across the lifecycle, the more we can ensure plastics are fit for purpose and delivering benefits WHILE we balance the economic inequalities. We're investing in science technologies that improve recyclability. And we're collaborating – across our entire global value chain – to innovate new, more sustainable products.

The kind of commitment and collaboration this effort requires is too big for any one company ... or even one country – to do by itself. It requires global cooperation. But it also requires trust and transparency and the kind of mutual respect that you can only develop with established partners.

It's one of the most under-stated benefits of trade. You and I know that the solutions we're pursuing don't bloom in the desert. They bloom where we've already sowed the seeds of success with trade and openness.

And when we weaken trade, we weaken our ability to collaborate on solving global challenges like plastics waste.

And that's just one international issue among many. Pick your own favorite – economic development, climate change, poverty, food security, clean water, global infectious diseases – and the requirements for success are the same. We must work collaboratively – across borders – to deliver the kind of solutions that will benefit humankind.

So what can we do? What should we do as business leaders?

I believe now is the time for us to engage on multiple fronts. Our future depends on how we – those of us here this morning – can carry the message to our elected leaders and to our communities that trade is a net positive for all.

We must be committed to moving forward – not backward – along the path of trade liberalization. We must advocate for elimination of tariff and non-tariff barriers that would result in enormously positive outcomes for the entire transatlantic society and economy. And we must advocate for free enterprise, competitive markets, rules-based trade, and investment and measures that remove – and do not raise – barriers to trade.

There are a host of specific remedies we could work on.

- New sectoral regulatory cooperation agreements that embed sound science and risk-based principles to high standards of regulation

- Streamlined, principle- based rules that enable digital trade, ensuring investments in automation promote open cross border data flows. At the same time, they should respect privacy and cybersecurity rules that support innovation.
- New rules to protect trade secrets, eliminate forced technology transfers and reduce barriers to foreign direct investment.
- Rules that promote innovation and ensure the highest standards of intellectual property protection.
- Skills based training that helps displaced workers return to the workforce AND ensures the current new workforce entrants can be effective at today's job AND tomorrows.
- And there is so much more we COULD do.

But first ... first ... we must we once again find agreement that trade is an enormous engine of shared growth, shared prosperity, and shared success. And to do that, we must – above all – share the responsibility to change the conversation.

Let's move away from the politics of nationalism, populism, protectionism, and isolationism ...

Let's change the conversation to good, old-fashioned words like growth, jobs, stability, and choice.

Let's recalibrate on words that might be out of style, but have served us so well for so long – words like cooperation and collaboration.

And let us remember that, despite what you might hear or read about the political divisions in the United States when it comes to trade, both sides in that debate are working toward something that each of us in this room hold dear, too – and that is making our countries and communities better places to live and work and prosper and grow.

That is the proper role for government. And while we may not agree all of the time with the WAY politics has manifested itself lately, I hope we can agree that the debate itself is healthy.

The pause gives us time to push for a new type of global trade – one that is both sustainable and equitable. For trade to work – and for trade to over-come the skepticism that threatens its future – it must work for all.

Free trade has provided the world with an economy our forefathers could have only dreamed of.

Higher productivity. Greater competition. Lower prices for consumers. Improved standards of living around the globe.

We know that. We see it every day.

The US and EU are already so deeply integrated into this system – politically, economically and culturally. The two economies account for nearly half of global GDP and nearly one-third of the world’s trade flows. We are each other’s largest trading partners and the largest trade and investment partners for most other major economies as well.

If we cannot carry this message forward, who will?

As AmCham members, as members of the German AND American business communities, we need to constructively contribute to make sure our governments are delivering real trade value – removing key barriers so that we can add value to our local communities.

From a business perspective, the EU and U.S. are one common market. And we need to work together – as partners – to define what our governments can negotiate to make that a free trade, open market reality as well.

As Dow, we are working actively with American Chemistry Council and the European Chemical Industry Council to define a common set of transatlantic asks from the chemical industry for the current EU-US negotiations.

And I would encourage everyone here to do the same for your issues and your sector. Be active. Lend your voices and your efforts.

For all of the great work it does, the American Chamber cannot do this job alone. They need our voices, too. With our employees. With our elected officials. With our neighbors and our community leaders. The stakes are too high for us to be silent.

Thank you again for inviting Dow and me here this morning.

Thank you for giving me an opportunity to restate Dow’s commitment to free trade.

And thank you, most of all, for what you are doing – every day – to carry the message forward that free trade – as an instrument of human advancement – has no substitute.

It is the path to a brighter future.

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