As prepared for delivery.

AmCham Germany New Year's Reception
Hamburg, January 13, 2014
Ambassador John Emerson

Dr. Schneider, Herr Teller, ladies and gentlemen, it is a real pleasure to be back in Hamburg.

There's a story going around that we are warning American citizens about this city. This is absolutely not true. Last week, we sent out what we call a "Security Message" to American citizens, passing along information we had received from the Hamburg authorities, who are close and reliable friends and partners. This information had already appeared in the press. Unfortunately, our "Security Message" was misunderstood as being a "Warning." This is an example of how "stories going around" can sometimes just get the facts wrong.

Kimberly and I are very pleased and proud to join Consul General Nancy Corbett here at the New Year's reception of AmCham's northernmost chapter.

Last week, I spoke at one of Germany's southernmost points. The audience was different. I addressed members of the CSU at their Klausurtag in Wildbad Kreuth. But like this reception, the Klausurtag is an annual New Year's event.

Minister President Seehofer instructed me that the standard Bavarian greeting was Grüß Gott. Here, I am told it is "Moin moin." And so: Moin, moin! But putting regional variations of the German language aside, my message to the politicians I spoke with last Wednesday is very similar to my New Year's message to you, the members of Germany's foremost transatlantic business organizations. I would like to talk to you about trust and how we, as partners and friends, address problems and challenges; and, also how we can make a difference in the world around us.

From the beginning, I have said that economic statecraft would be one of my top priorities. Since then, Kimberly and I have had the opportunity to meet with many members of the business community. The past five months have reinforced just how important economic diplomacy is and the vital role that businesses play in advancing the mutual interests of our two countries; and at this particular juncture in time, in re-building the trust that was shaken by the NSA revelations.

Let me say that I fully understand the distress that has been caused here in Germany by these disclosures. I have experienced Germany's concerns on both an official and a very personal level. Kimberly and I have been deeply touched by the warmth and authenticity of the welcome we have received throughout this country – a welcome that has not so much to do with us, as it does with the bonds of friendship so many Germans feel towards America. Well, we have also felt – again, quite personally – the disappointment that so many people here share.

I have communicated the depth and intensity of the German reaction to the NSA revelations back to Washington. And I can assure you, these concerns are being taken very seriously, at the highest levels of our government. I will give you three examples.

First, as you know, President Obama ordered a review of U.S. intelligence gathering activities. His goal was to ensure that there is a correct balance between privacy and security; that we collect information because we need it, and not just because technology tells us we can. A preliminary report of that review was made public just before Christmas. President Obama, in collaboration with

the intelligence community and others, is evaluating the recommendations that have been made. We can expect a Presidential decision later this month (week?).

Second, we are engaged in ongoing discussions at senior levels of the U.S. and German governments about how we can best coordinate our intelligence efforts, in a manner that is respectful of the relationship between our two countries.

And finally, on Capitol Hill, Congressional oversight committees are examining both the legal underpinnings of our intelligence-gathering activities and their own oversight capabilities. One only need read the newspaper to see that there is a vigorous debate in Congress about these issues. It is clear that once the President has made his decisions, Congress will also evaluate the need for policy changes.

Without a doubt, our intelligence programs need to be carefully monitored and controlled; but make no mistake, we do need them. Changes will be made but we need to be clear-eyed about the threats we face from terrorism, the proliferation of weapons of mass destruction, and cyber warfare. The reality is that since 9/11, the efforts of our collaborative intelligence gathering efforts have thwarted numerous terrorist attacks, including some on German soil.

Given the concerns that people have regarding the NSA and all the related issues, people often ask me whether the trust that is so crucial to any relationship can be re-built. I believe that it can, and that it will be. Good friends sometimes disagree; but they also work out their differences. We will get through this because we must – and I firmly believe that if we work through this together, with mutual respect and understanding, our relationship will become even stronger.

Today's Germany is a role model; exactly the kind of role model that leaders in the United States and Europe envisioned when, at the end of World War II, they formed a partnership, based on a vision of freedom and prosperity. I don't think anybody would argue that the world would be a better place now, if trans-Atlantic partners had not come together then. And as I look to the future, I believe that we are at a point in our relationship where we must re-dedicate ourselves to our partnership and its underlying values.

A crucial illustration of our mutual interests is the Transatlantic Trade and Investment Partnership. This evening you are not going to hear my standard pitch on TTIP. I suspect that many of you have heard it already, but allow me to say just this: T-TIP will strengthen our hand in a global conversation to advance the kind of rules-based public commons in which our nations thrive. In so doing, we will also be sending a message to the rest of the world about the values a free trading system represents: fairness, rule of law, respect for intellectual property rights, transparency in our commercial dealings, respect for the environment and for employees. I spoke earlier about the essential role that businesses play in advancing the mutual interests of our two countries – mutual interests built on common values. T-TIP will reflect these common values; and as such, it is a whole that is much greater than the sum of its parts.

T-TIP will also improve our abilities, as trans-Atlantic partners, to compete effectively in the marketplace of the 21st century. Together, the EU and the United States now account for almost half of the world's economic output and 40 percent of global trade. Ours is also the world's largest investment relationship. As AmCham members, you know how trade and investment creates win-win situations on both sides of the Atlantic. Earlier today, we visited the Airbus Mobile assembly line manufacturing plant. It is a great example of transatlantic investment and cooperation. But

make no mistake. T-TIP will benefit both the large multinationals and the Mittelstand companies that are the backbone of both of our economies. But none of us can afford to be content with the success stories of yesterday or today. The founder of the 80-year old Mittelstand investment company for which I worked before becoming Ambassador had a great observation: "Nothing wilts faster than laurels rested on." Or roughly translated: "Nichts vergeht schneller als alte Lorbeeren." In this ever-changing world, if we are not pushing forward, we're falling behind.

The vitality of our partnership depends on innovation. Innovation means enabling people to develop ideas, to take risks, to be willing and able to cross oceans, to create new products, and to discover new possibilities for their own futures. Our ability to create the conditions for that kind of innovation and to ensure the prosperity we want for tomorrow, rests on what we do to build stronger ties today. For that reason, Kimberly and I, coming from California, a state that is famously innovative with its Silicon Valley and Silicon Beach, have made a point of reaching out to young innovators and entrepreneurs here in Germany. Their ideas are the seeds not only of the jobs of the future, but also the prosperity of our economies. We owe it to our young people to implement a system that encourages innovation, a system that is open and free and transparent and fair – a system where anybody can succeed. Freedom of opportunity is humanity's most powerful motivator.

But as President Obama says, "Entrepreneurship is about more than profits. It's about how you build a society that values competition and compassion at the same time." As we start the New Year, full of good resolutions, I would like to talk about this concept of entrepreneurship, variously referred to as corporate social responsibility – or in more recent iterations, as social entrepreneurship or venture philanthropy. It grows out of one of the most important values that define the United States.

Working together for the common good has been a distinguishing feature of the American character since its earliest days. In 1831, Alexis de Tocqueville traveled extensively in the United States, recording his observations of life in the young nation, in particular the role of voluntary action. Americans, he said, did not rely on others – whether a government, an aristocracy, or a church – to solve their public problems; rather, they did it themselves, through voluntary associations and a culture of philanthropy.

People from founding father Benjamin Franklin to the philanthropists and volunteers of today, ever mindful of the "greater common good," helped to establish or improve institutions such as universities, libraries, public hospitals, mutual insurance companies, volunteer fire departments, performing arts organizations, and agricultural colleges. Fundamental to American values is this conviction that people, working together in a spirit of cooperation, can together accomplish great things; and that creating opportunities will lead to a better life for all.

Throughout American history and life, we have seen this culture of philanthropy and volunteerism. It is reflected in government programs, such as the Peace Corps or Americorps, where college age Americans donate two or more years of their lives to serve. It is reflected in the network of public libraries and universities around the U.S. created by the Rockefellers, the Carnegies, and the Mellons around the turn of the 20th century; and by the "pledge" that more than 100 American billionaires, following the leadership of Bill Gates and Warren Buffett, have taken at the beginning of this century, pledging to donate at least half of their wealth for good works. But it is also reflected in the commitment of the mother who raises money for the local school arts program, the

father who builds a new playground at his church, or the legions of people who volunteer every day at health clinics, day care centers, and local homeless shelters.

In addition, more and more companies are active in the social sector. They have learned that social problems are economic problems. Today's better-educated children are tomorrow's knowledge workers. Lower unemployment in the inner city means higher consumption in the inner city. This is a new paradigm for innovation – social innovation. This is different than traditional corporate donation programs. Throwing money at a problem and walking away is usually not a solution. People need change; not spare change, but sustainable, replicable, institutionalized change that transforms their schools, their skills, their job prospects, and their neighborhoods. And that means getting business deeply involved in non-traditional ways. It is possible not only to do well and to do good; it is also possible to do well by doing good. One thoughtful leader on the subject who has spoken regularly at the Davos World Economic Forum, Jed Emerson, has developed the concept of "blended value" as a broader way of measuring returns. Jed, by the way, is my younger brother.

I mentioned at the beginning of my remarks that today's Germany is a role model. It is respected worldwide for its vibrant and stable democracy, its economic strength, its open and diverse society – and its commitment to making the better world that we all want. I have also referred frequently to the values we share. Those values are reflected in society here in Germany and in the United States; they are also reflected in our mutual goals and interests; and they are fundamental to the ongoing partnership of our countries and friendship of our people.

Both the T-TIP negotiations and the NSA allegations have focused attention on the larger importance of the German-American relationship, and I will conclude with this thought: President Harry Truman once said, "If you can't stand the heat, get out of the kitchen." Well, as a Californian, I enjoy the heat. As long as I am Ambassador, I plan to stress the importance of our long relationship, address our toughest challenges, and speak openly and directly about the concerns people have, everywhere I go.

One of my biggest concerns for the trans-Atlantic relationship is the younger generation of Germans – folks who came of age after the fall of the Wall and re-unification, who do not understand how important the German-American alliance was to both of these great successes. I would like to commend the AmCham for its internship program. Exchange programs are some of the best tools we have to help young Germans find answers to their questions about the United States – questions that go far beyond comprehensive international trade agreements and intelligence gathering activities. From the government shutdown last October, to our legislative battles over the debt ceiling, health care, gun control, and immigration, I know that people here feel that America could do this and should do that better. But you know what? Many Americans, with pride in their country, feel the same way. America has always been a work in progress. It is written into our Constitution. From the beginnings of our nation, founded on a commitment to freedom and democratic values, we have always sought to "form a more perfect Union." Finding solutions to challenges has made America stronger as a nation.

As we begin this New Year, we all know that it will not be without challenge. Let's not forget, however, that, as President Obama has said many times, the United States and Europe can and must continue to play the leadership role that the world needs and expects of us in these complex times. I cannot think of a better way to start this New Year than to re-dedicate ourselves to re-focusing our cooperation, improving our communication, and strengthening our partnership for decades to come.