

*As Prepared for Delivery*

**TTIP: A Transatlantic Business Imperative**

Hanover Messe  
U.S. Trade and Investment Summit:  
Expanding Transatlantic Trade + Investment

*Remarks by*  
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**Introduction**

Good afternoon, everyone. I'm delighted to be here.

This fair is a remarkable event. The array of innovative products and technologies is astounding. They are a testament to the vision and ingenuity of entrepreneurs and businesses throughout Europe and the world.

On behalf of the American business community, I know we would enjoy the opportunity to be a partner country in the coming years.

I also appreciate the thoughtful remarks by Dr. Köckler, Vice President Bulmahn, and Director General Reinke. As they have emphasized, the need for expanded trade, investment, and market integration could not be greater.

**The Growth Imperative**

Let's be honest—both the American and EU economies are clearly underperforming. Our citizens, especially the young people, are paying a heavy price.

We may have pulled out of the recession and, yes, our economies are gradually improving. But we haven't bounced back the way we normally do after a serious downturn. We are muddling along—and that's not good enough.

In the United States, we still have 21 million workers who are unemployed, underemployed, or who have given up looking for work. Our labor force participation rate is at 35-year low.

Many recent college graduates can't find a job in their chosen fields. Many workers in the prime of their careers are leaving the workforce.

We face a daunting demographic challenge that will further stress our economy and our already precarious fiscal condition. 77 million baby boomers have begun to retire. Each and every day another 10,000 Americans are turning 65.

We *must* have stronger and faster economic growth to create the jobs, lift the incomes, and provide the secure retirements that our citizens want and desire.

Everything I've just said goes double for Europe. Economically, Europe on the whole is treading water. With important exceptions such as Germany, growth in Europe can be measured only in fractions of a percent. Europe *must* do better. It is important to us all.

The good news is that there is a better and brighter path ahead—if we choose to take it. We have tremendous strengths. We have extraordinary natural resources and human talent. We have the rule of law and respect for civil liberties and democratic values. And as Hannover Messe so clearly illustrates, we have the innovative and entrepreneurial spirit that is so critical to success in a competitive global economy.

If we choose the right public policies, remain true to our free enterprise principles, and deepen and strengthen commercial ties across the Atlantic, there is no question we can continue to achieve prosperity and a quality of life that are second to none.

What are some of things we need to do in order to succeed and to lead? I'll mention just a few.

## **Energy**

It is becoming clearer every day just how important energy security is to our shared prosperity. We have learned that it's not a good idea to become overly dependent on any one energy source or supplier. Just read the daily headlines.

And I hope we are also learning that while alternative and renewable energies are important, they cannot replace our more traditional sources of energy. Not now, and not in any of our lifetimes. So we must put our most brilliant scientific minds to work on finding ways to develop and use these resources in more efficient and environmentally sensitive ways.

Fortunately, the United States has extraordinary reserves of untapped energy. Europe has significant resources as well. And we have each other. We must work in concert to advance our collective energy security.

It makes perfect sense. America has it. Europe needs more of it. So let's build the necessary infrastructure so we can trade more energy—including the physical facilities needed to export and import more LNG. Let's modernize the export rules and other barriers that stand in the way of expanded trade in energy and new energy technologies.

If you're thinking that this can't happen overnight, you're right. But that's not an excuse to do nothing and leave our collective energy security in the mischievous hands of others. It's a reason to get moving—and get moving fast.

At home, we have already seen the tremendous, across-the-board benefits of increased energy production—particularly in the field of shale oil and gas. In 2012, unconventional oil and gas alone added \$284 billion in GDP; generated nearly \$75 billion in federal and state tax revenues; and supported 2.1 million jobs.

It is spurring a manufacturing renaissance with companies from all over the world looking to America as a location for their next facility.

Our challenge in the United States now is to convince the government to let us produce more energy on federal lands—and to keep regulators and advocacy groups from shutting America's energy revolution down.

Earlier, I mentioned demographics and the strain this will put on government budgets. Our social welfare entitlement programs must be reformed under any scenario—just as they must be in Europe.

Yet energy production can make the tough medicine go down a lot easier. Every dollar in new revenue generated by energy is a dollar that *won't* have to be cut from someone's benefits.

### **Human Talent and a Properly Skilled Workforce**

Another critical ingredient of growth is having a workforce that is well-educated and well-trained for jobs that are actually going to exist. And, given our demographic realities, we need a workforce sufficient in numbers at all skill levels.

Both the EU and the United States have relied strongly on the migration of workers and families across borders—and both have been grappling with the social and political tensions that come with it.

In the United States, the Chamber is working with organized labor on the left and many partners on the right to bring about comprehensive immigration reform. It's not easy, but we will get there. When we do, we will strengthen what has been one of our distinctive competitive advantages—the flexibility and availability of a world-class workforce.

We've always been a strong magnet for the world's best talent and hardest workers. Once we pass immigration reform, the pull of that magnet will grow even stronger.

This is something that Europe needs to take into account as it charts its own course on labor and workforce issues.

Along with immigration, we've got exhausting work ahead of us to improve many of America's public schools and overhaul our job training programs. As I noted in my remarks earlier today, the United States can learn a lot from the practical and creative approaches to job training and apprenticeships embraced by Germany and others.

Any country that hopes to have a future in modern manufacturing must address the reality that it's all about technology, it's all about supply chain management, and it's all about ensuring a highly-skilled workforce.

### **Expanding Growth Through Trade and Investment**

Well, I saved my central topic until the end—either to keep you in suspense or to wake you up, whatever the case may be!

Let's talk about the Transatlantic Trade and Investment Partnership—TTIP. I believe it is the single best opportunity we have to accelerate growth and jobs throughout the transatlantic community. But only if we do it quickly and only if we do it right.

The United States is now pursuing an aggressive trade policy, and the American business community strongly supports this new direction. We're leading proponents of the Trans-Pacific Partnership, which would open up one of the world's fastest growing regions. After years of work, we're within striking distance.

Both the EU and the United States are engaged in the Trade in Services Agreement, as well as negotiating bilateral investment treaties with China. And we both worked hard to bring about the WTO's breakthrough agreement on trade facilitation.

But TTIP stands apart for several reasons. First, because of the sheer size of the relationship. Together, the United States and the European Union account for nearly half of global economic output, with each producing more than \$16 trillion in GDP. Total commerce between us tops \$6.5 trillion annually and employs 15 million Americans and Europeans.

The transatlantic investment relationship is also without peer. Companies headquartered in EU member states have invested \$1.6 trillion in the United States and directly employ more than 3.5 million Americans. Similarly, U.S. firms have invested \$2.1 trillion in the EU—a sum representing more than half of all U.S. investment abroad. And it's 40 times as much as U.S. companies have invested in China.

Second, this commercial relationship isn't based solely on commercial interests, it's also based on common values—democracy, civil liberties, and the rule of law, not to mention a long and rich history of friendship and strategic partnership.

Third, TTIP is unique because of its potential to set the gold standard for 21st century trade and investments agreements around the world. With a combined GDP of more than \$32 trillion, the sheer size of the transatlantic economy will incentivize other countries to look to standards set in TTIP.

The treaty could establish a high bar in such areas as protecting intellectual property, cultivating the digital economy, and combating trade and investment protectionism.

And fourth, the benefits could be immense. The enormous volume of transatlantic commerce is so large that eliminating today's relatively modest trade barriers could bring big benefits. According to the Center for Economic Policy Research, TTIP would boost U.S. exports to the EU by \$300 billion annually, add \$125 billion to U.S. GDP each year, and increase the purchasing power of the typical American family by nearly \$900—with similar benefits for Europeans.

Small and medium-sized companies in particular would benefit, especially from customs facilitation and regulatory cooperation that will make doing business easier.

### **Getting the Deal Done**

So how do we get this deal done? Put simply, by moving fast! There's no reason why we can't complete negotiations swiftly. We already know each other well. We know what we agree on and we know where we follow different approaches.

I've been in a lot of negotiations in my life, and the successful ones start with the easy stuff, build confidence, and then move on to the tougher issues. There's a lot we agree on and the trust is there. So let's get down to business and resolve the tougher issues. Let me mention three.

One is making our regulatory regimes more compatible. We should be highly motivated to do so. Companies selling their products on both sides of the Atlantic incur high costs complying with both U.S. and European regulations, even when they are very similar.

For example, U.S. automakers run crash tests to comply with U.S. safety regulations, but must do so a second time to comply with EU standards—and vice versa. Mutual recognition of these regulations would save consumers up to 7% on each car or truck and enhance the global competitiveness of U.S. and European companies.

Let's keep in mind that the goal of the negotiations isn't to resolve every single regulatory discrepancy. We don't need to make our regulations identical—just compatible. And let me make this point clear: No one is talking about weakening regulatory safeguards—not in Europe and not in the United States.

Another issue we must address is the investor-state dispute mechanism, or ISDS.

Some believe this mechanism somehow limits regulators' ability to regulate in the interest of financial stability, environmental protection, or public health. Some have even suggested that a company could sue a government on the grounds that the company isn't earning enough profits.

It's simply not true. Let's be clear about what we're talking about.

The United States wouldn't negotiate away its right to regulate in the best interest of its citizens, and we don't ask other countries to do so either. U.S. trade agreements do not require countries to lower their levels of regulation. In fact, we generally require our partners to *raise* them and enforce them.

The bottom line is we can fashion a dispute mechanism that preserves the right to regulate, provides legal protections for both parties, discourages frivolous claims, creates a fair and transparent process for resolving investment disputes, and sets the global standard.

Investment in each other's economy is the core of our commercial relationship. A TTIP agreement without appropriate investment provisions would have little meaning or value in the real world of transatlantic commerce.

One more key issue, frequently misunderstood, is the matter of cross-border data flows.

Many people confuse government use of data with the commercial use of data. They are two separate issues. The commercial use of data has nothing to do with NSA, spying, and espionage that have worked many newspapers and politicians into a lather.

In today's global economy, consumers, regulators, and businesses all benefit from a constant stream of data flowing seamlessly back and forth across national borders. Recent studies estimate that within the next ten years products and services using the free flow of data will add over \$1 trillion of annual value to consumer, business, and government end users in the United States and the EU.

Our goal should be to develop clear, consistent rules to facilitate cross-border data flows; avoid forced localization requirements for data or related infrastructure; and emphasize flexibility over one-size-fits-all approaches to privacy.

I believe we can get there.

The TTIP negotiations are only half the battle. Building support for the agreement is equally important, and the effort must be robust, comprehensive, persistent, and aggressive!

The Chamber has made TTIP one of our signature issues. We helped develop the idea in its current form. We lobbied for and won the Obama administration's strong backing to begin negotiations. And there was a lot of help from our German business partners and of course the Chancellor herself.

We have already begun making the case for TTIP on Capitol Hill with outreach meetings and rallies. Last year, the U.S. Chamber, the Business Roundtable, and dozens of companies and associations created the Business Coalition for Transatlantic Trade to build widespread support for the agreement.

And we are leading the charge for Trade Promotion Authority, which allows the president to negotiate agreements that Congress can approve or disapprove but cannot amend or filibuster.

The Chamber is using every means at its disposal to help reach a swift, successful negotiation and ratification of TTIP. But it won't happen without the active engagement of our respective business communities.

We'd like to see the European business community step up its level of effort, just as we are asking American companies to do. The advocacy groups who oppose all trade agreements have started to raise their voices. We must raise ours. The difference is that what we say will be supported by the facts.

## **Conclusion**

Ladies and gentlemen, TTIP is not just a nice or convenient thing to do. It's an imperative. With struggling economies, aging populations, and new competition from emerging nations, we simply cannot afford to forego the prosperity and competitive advantages that would come from a stronger transatlantic partnership.

Many pundits have suggested that America and Europe have entered into an era of irreversible economic decline. They allege we are incapable of competing against China, India, Brazil, or other dynamic, emerging markets. They suggest we are yesterday's news, destined to be overtaken in influence, power, and prestige.

TTIP can help prove them wrong.

A standard-setting agreement will ensure the free flow of capital, talent, goods, and data by tearing down trade barriers, integrating supply chains, and creating a 21st century digital marketplace.

It will ensure a more level playing field by reforming procurement rules, protecting IP, and fostering regulatory cooperation.

Most importantly, it will spur jobs, growth, and investment on both sides of the pond, reinvigorate the transatlantic partnership, and reassert our global leadership.

In the United States we have a saying: “Don’t a look a gift horse in the mouth.”

TTIP is a gift—and it’s an incredible opportunity. We must seize it—*together*.

Thank you very much.

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