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## P R O C E E D I N G S

MS. HILL: If you could find seats. There are a few, still, scattered around. And I apologize to everyone who has to stand at the back. We actually do also have another room, to the other side of the corridor here, where you can watch the event on the screen. But we have no problem if you would like to stand at the back.

In any case, I'm Fiona Hill, the director of the Center on the United States and Europe here at the Brookings Institution. And, first of all, I'd like to welcome you all here on behalf of Brookings.

It's a real singular pleasure for us today to welcome the Vice Chancellor of Germany, Philipp Rösler, and a very large delegation of German officials and business people, who are here for a trip around the United States. He has just come back from Silicon Valley, which would be an obvious place, as the Vice Chancellor in charge of technology and the economy, to have a series of meetings. And he's been meeting with IT and social media executives while he's been there.

He's also had a series of very important meetings today on the economics portfolio, with the Federal Reserve Chairman, Ben Bernanke, and also with the incoming U.S. Trade Representative, Mike Froman, to talk about the relationship in the transatlantic economies.

So, Vice Chancellor Rösler is here to share some of the take-outs from these meetings over the last couple of days, and also to give us a perspective on the changes for the new trade deal that we're in the midst of discussing, between Europe and the United States.

Philipp Rösler has a very interesting background. He was born in Vietnam in 1973, when he then was adopted by a German family, and has risen to the very highest ranks of the German government -- which is one of these, the "German

Dream," the great German success story that has perhaps been more unusual in Germany's history, but is obviously of the points that underscores the new Germany that we see today, a new more global perspective.

He started off his career as a medical officer in the German military, worked as a doctor, and then joined the parliament by being elected as a representative to the parliament in Niedersachsen, Lower Saxony, about 10 years ago. And since then, he has had a whole series of meteoric appointments, coming today to be the Vice Chancellor.

We're very delighted to have him. And, as I said, there's a whole delegation of people who are here with him, too, who I hope that some of you might be able to have discussions with as we wrap up the event.

I'd also like to thank two other groups that have made this possible for us today -- first, the German Embassy, and Ambassador Ammon, from the German Embassy, who were obviously instrumental in the organization. And also the Friedrich Naumann Foundation, one of our colleague partner institutions here in Washington, D.C., and the head, Claus Gramckow, who I'm going to actually turn over the floor to for a moment.

I just wanted to make a quick announcement about the remarks. The Vice Chancellor will speak in German, and there will be simultaneous interpretation. We're very grateful for the interpretation services that the Embassy and the Friedrich Naumann Foundation have helped us with. And so you will have, for those of you who require it, the devices for simultaneous interpretation. Just to let you know that English will be on Channel 2, and German will be on Channel 10. I can't say what's in between, but you probably don't want to listen.

So, if you'd like to hear, Channel 2 in English, and Channel 10 in German. And, otherwise, you might be listening to the aircraft control tower at Reagan airport, or something else interesting.

But, in any case, we're very much delighted to have the Vice Chancellor here again, very grateful to the Germany Embassy, and also to the Friedrich Naumann Foundation, for helping us put on lunch, and translation, and all the other elements.

And, Claus, I'd like to invite you here to the lectern to say a few words.

And thank you very much, everyone, for joining us. (Applause)

MR. GRAMCKOW: Fiona, thank you very much for these nice words about our work.

I'm Claus Gramckow. I'm the representative of the Friedrich Naumann Foundation here in Washington, D.C. A lot in the room probably ask what is the Friedrich Naumann Foundation. We are a political, educational foundation associated with the Free Democratic Party in Germany. We do democratic educational work in Germany, but also in 50 countries all over the world. And one of the offices is here in Washington, D.C. It's called Transatlantic Dialogue, and that's where I come in.

It is a great pleasure, again, to welcome Philipp Rösler, the Vice Chancellor, the Minister of Economics and Technology, and -- this is the important part for us -- the Chairman of the Free Democratic Party. So, as Fiona mentioned, he is on a week-long tour through the United States.

As you might know, this is a very good week for a German politician to leave Germany. You're probably wondering why. Very easy answer to this: On Saturday there is a Champions League final in London, of all places. And for the first time in the history of the Champions League, two German clubs are in the final. So the

public debate in Germany is not about politics, it's about what's going to happen on Saturday.

And I think it's also a very appropriate day that the Vice Chancellor speaks here. Today is the 64th anniversary of the passing of the German Grundgesetz -- May 23rd, 1949, the Federal Republic of Germany signed the Grundgesetz, which is still the constitution in Germany.

So, again, Fiona, and the Brookings Institution, thank you very much for cooperating. I have to say I realize this is the first time we're doing this together, and it shouldn't be the last time. It's a great cooperation.

I appreciate you all coming, and I want to give the podium to the Vice Chancellor of the Federal Republic of Germany, Mr. Philipp Rösler.

Thank you very much. (Applause)

MR. RÖSLER: Ms. Hill, Mr. Gramckow, Ambassador, ladies and gentlemen, MPs -- first of all, I would like to thank you for the great honor you have bestowed on me by inviting me here today. I have the opportunity to talk about the Trade and Investment agreement between Europe and the United States. And I have the opportunity to talk here, at the Brookings Institution, which is not only one of the oldest, but also one of the most renowned think-tanks in the world.

And I know that you have already done a lot to foster our transatlantic partnership, and that's why it's a great pleasure for me to be here today.

You've put a lot of effort into this, over many years. And we can already say that it has paid off. Just look at our economic data, look at the data connecting the European Union and the United States. There figures show you that, together, we are one of the strongest regions in the world: 40 percent of overall global growth is bound to

the U.S. and Europe -- and that's despite the fact that we only account for 11 percent of the population.

But we can also look at investment, not only at trade. If we look at trade, last year our export rate from, for instance, Germany, rose by 18 percent, to the U.S. So that shows you how important, how vital, this market is for us, as Europeans and as Germans.

But what is much more important is direct investment. Three-quarters of inward investment in the U.S. is from the European Union. And that, alone, tells you how important our European partners, we are, here. And we want to build on that.

At the same time, a large portion of our investment in Europe, inward investment in Europe, is from the U.S. And last year, the U.S. knocked China off the top spot for inward investment.

So, what we really want to have is a transatlantic investment and trade partnership. We want to build and strengthen our economic ties. We want to get our economic region ready for the 21st century. And that's why we need the Transatlantic Trade and Investment Partnership.

And I think there are three things you need to consider when negotiating an agreement like this.

First of all, we need to look at the integration of our markets. That's, of course, a challenge, and that's something that we want to do with this agreement.

The second point, we are not the only ones who want growth. The rest of the world isn't sitting back. And we do know that there are emerging economies that are growing, and that are becoming stronger, and that are already on a par with us in certain ways. And, at the same time, we need to face these challenges. We also need to

work for innovation, for new technologies, for new standards, and that, too, should be the result of such an agreement.

If we look at integration, especially between Europe and Germany, we can say that we have a strong partnership, especially in industries like engineering, mechanical engineering, and the automotive industry. And we can already see that a lot of finished products are not exactly really created in the countries where they are assembled. In fact, the value is added elsewhere. And I know that in the U.S. you've had a discussion about the iPhone, and about the fact that value creation happens in different countries.

And the same is true for mechanical engineering. 70 to 80 percent of trade volume, for instance, happens within certain companies, between affiliated companies. And, at the same time, these companies are still affected by barriers to trade. And that, of course, means that barriers of trade are taxes on trade between the U.S. and Europe. And that, of course, means that we lose our competitive edge; that, in fact, we are behind.

And what is even more important is not only to address tariffs, but especially non-tariff barriers to trade. My ministry, for instance, has conducted certain studies, and we've found that we will be able to improve efficiency by 10 to 20 percent -- and, in some areas, 70 percent of additional cost happens because of labeling requirements, because of packaging requirements. All this is just because non-tariff barriers to trade.

And that shows that we have two major tasks. Our economies are becoming more and more intertwined. And the same is true for our value chains. And that's why we need an agreement like this. We need to bring down tariff and non-tariff

barriers to trade. And these two reasons, alone, would be reason enough to conclude an agreement.

But what is equally important, is to have a discussion on what happens in the countries that are growing; the economies that are growing further and further. And the U.S. and the European Union have already started to negotiate or even conclude bilateral trade agreements with these economies. And I won't deny that I'm not only a fan of bilateral agreements, I'm more in favor of multilateral agreements, to be honest. I think free markets, free trade, and fair competition -- a level playing field -- that's what we need. That should be the aim of all countries that want to be strong on exports.

I know that, at the moment, the multilateral negotiations are somewhat stalled, but I think we still have the chance to come back. It's not dead in the water, we can work on it. But unless that is possible, and while this is still happening, we should work on a bilateral agreement between Europe and the United States. That will get us further down the road.

And, at the same time -- and that's something that I also discussed with Mr. Froman today -- we don't want to exclude any sectors. I'd like to say this very clearly today, because all of us also know that today, the European Parliament decided to call for excluding audio-visual media from the negotiations. It is quite obvious that you can discuss every single sector, and that you should do that, but I think we should not preclude these things before even starting negotiations. Because once you start with one sector, once you start excluding one sector, then you can be dead certain that the next person will come and say, "Oh, we want to exclude this sector," another sector.

And I just need to mention agriculture. I think once we get this far, we don't even need to start negotiations on an agreement like that, because that would actually mean that the most important areas would be included.



So we need a comprehensive approach. That's what the position of the U.S. is, and that is also what our position will be. And it's also the position of the EU commissioner in charge of negotiating the agreement. And it is also the position of the Federal Government of Germany.

Of course, it is not the position of the Parliament, but we should not take things off the table before negotiations have even started. That's something we agree on. And we need to look at the result, once we get there. And then the European Parliament will also get their say on this, but at the end of this process, not at the beginning of the process, because otherwise we would be missing out on a huge opportunity.

Because this huge opportunity is not only to increase our transatlantic partnership, it would also actually give new stimulus to our multilateral negotiations, because the U.S. does not only want to work with Europe, they also negotiate on a TPP, as you know. And just imagine that these two agreements were to come to come true. That would be the ideal possibility, to say, "Now let's get back to the WTO, and let's get back to Doha."

One thing that we can say already is that whenever we've had bilateral agreements, we've seen positive results. And usually, it's been a win-win situation for both societies, for both economies. We've seen growth and employment. And if you look at Europe, for instance, the best example would be our free trade agreement with South Korea. I know that this was also being discussed here, but I think we can already say that it's been very worthwhile. It's paid off, not only in terms of tariffs and non-tariff barriers to trade, but also in terms of growth for both economies.

Then the third point, if we come together and look at new technologies then we should also look for common standards. I think we should stick by the principle

that it's important to be the first to set standards, because the person who sets the standard will also have a huge amount of say on what the market will look like. They define the market. And, as a colleague has already said, in her role as co-chair of Transatlantic Technologies, she's already looked at electromobility.

We know how important, how vital these standards are, just in this small area of electromobility. And, in the end, we consumers have a say. We can choose whether we want to buy products that were produced outside the transatlantic marketplace, abiding by different standards, or whether we want to create a marketplace, a common transatlantic marketplace, and invite others to join these standards, or to implement these standards, as well.

And this also shows that an agreement like this will not necessarily be to the disadvantage of those who are not part of this agreement. I know that there are some who fear this but, in the end, the opposite is true. Because these countries, these regions, as well, will also get access to a huge transatlantic market chains, and they'll have common standards on this marketplace, and they benefit from it.

So it's a huge export market for them. And studies show that this will not only help the U.S. and Germany to grow, it will also help growth in other regions of the world.

Again, I think it's all about benefits in terms of growth and employment and prosperity. So I think we are all agreed on this.

We know that we need a stronger integration of our value chains. We know that we need to reduce and bring down tariffs and non-tariff barriers to trade. And, at the same time, we also need to look at how we can find a common position on a global marketplace in a globalized world. And we need to look at common standards.

We are very grateful for the fact that President Obama confirmed that he wants this agreement, but also, not only that he wants it in principle, but that he wants a conclusion of this agreement during his presidency. And he also made it very clear that there will be a Trade Representative -- he appointed a Trade Representative, and that made it very clear that there is somebody who's really behind this, and that is wonderful for us.

At the European Union, the Commission, the individual governments, and, in most cases, the parliaments, are also in favor of negotiations, and of a rapid and swift conclusion of this agreement.

All we need is two things, for these negotiations to be successful.

First of all, we need to learn our lessons from the past. This idea of a free trade and investment agreement is not really new. It's not a new thing; it's been around for 40 years. But, so far, it has not been realized.

And we also need to look at the way, how multilateral negotiations have been conducted. Let's take ACTA as an example. They've been discussed behind closed doors in certain committees. And then the result was that the result was presented to the public, and then people who weren't really able to follow how this whole thing came about were very much against it. And that meant that ACTA was not ratified, and that the Parliament also, the European Parliament, rejected it.

And we need to learn from this. We need to make sure that during the first phase of our negotiations we need to be absolutely transparent. We need to start our negotiations, and we need to listen to the people. They are concerned about certain things. They want high environmental standards, they want food-safety standards, they want standards for health. And all this is right and correct. And we need to respond to

that. We can't simply ignore it, and then find out that we won't be able to get a majority for our plans.

We need to make sure that, both in the U.S. and in Europe; we have the same goals, in terms of environmental friendliness, in terms of healthy and nutritious diet for our people. And if we make it clear that these are our goals, I think -- and we can also explain to the people that there are different ways to achieve this. And sometimes there are different standards, especially in the agricultural sector.

But, despite all that, I would definitely eat chicken here in the United States, as well as I would eat chicken in Europe. And, in both cases, the aim is to ensure food safety. And the ways to ensure this are different on both sides of the Atlantic, but they are necessarily -- not one is better than the other. So we need to win over people. We need people to trust in these standards. And they need to explain that, we need to explain that we want to ensure that our quality standards remain high, and that it's not about protectionism. And that way, I think, you can also raise the public's response to this. You can make them accept these standards.

And then, at the end, it's all about these opportunities -- about tapping the opportunities, and harnessing the opportunities of this agreement. It's about focusing on that instead of the risks which, in many cases, are not real risks anyway.

The second point -- protectionism. I've already mentioned it.

If we discuss these topics, as we've done during 20, or 30, 40 years, that will end in the same results: endless negotiations. But if we focus on increasing our trade volume, if we only work on increasing protectionism, then we ignore what the real possibilities of such an agreement are. Because, in the end, it's not only about increasing trade and investment, bilateral trade and investment, it's also about improving

our competitiveness on both sides of the Atlantic. And both sides know that they need to work very hard, that they need to reassess their own rules.

And, in the end, that will make us better. It will help us to strengthen competitiveness on both sides of the Atlantic, and that will also deliver growth, the growth that we want. And only if the people understand that, and only if we don't end up just having discussions on tiny details -- like chickens -- only then will we have the opportunity of not only negotiating, but also of concluding a good agreement. And that's what we need to be focused on -- not only on looking at the economic things, but also looking at what the people are concerned about, on sensitive issues.

And we need to look at the opportunities for both economies. And if we succeed in doing that, we will be able to have a successful conclusion of an agreement, and we will also be able to keep on schedule.

We know that this is an ambitious goal, but we also know that it's possible. And we have the opportunity of coming to a very good trade and investment agreement, and that would be the best thing we could be hoping for.

I think this is not only about economics -- and I think Brookings agrees with this -- transatlantic partnership is very much about common values. And once you know that you have common values, then this can also be reflected in our economic situation.

But, first of all, we need to focus on our values. We can grow together, we can come together. And everybody should also think about how they can improve themselves -- both sides can do that -- and that, and that will also make it possible to see the invitation by the President as a fresh start for our transatlantic partnership. And we are very ready to do that, and I think I'm also speaking on behalf of the European Union, everybody is prepared to do their bit.

So, thank you very much for giving us this opportunity, discussing this. And I would like to thank you for your attention. (Applause)

MS. HILL: We have to give them a minute to be able to -- technology's not quite as speedy as you think. They have to be able to run over to switch everything on in the booth.

Vice Chancellor Rösler, thank you so much for what was really a very rousing presentation on the historic opportunity that we have before us for this major trade deal.

As you mentioned, this isn't just about the United States and Europe, this actually could give a stimulus to larger, multilateral deals like this, given -- you mentioned South Korea, and the pacts, the trade deals that both the U.S. and Europe have engaged with.

You also talked a great deal about some of the important political figures who have been involved in this. And it's actually a great pleasure to hear this, from the Brookings perspective, because one of the first mentions of the importance of TTIP, of the Transatlantic Trade and Investment Partnership, was from Hillary Clinton, in her valedictorian, her outgoing speech, which was here at Brookings, at Secretary of State, when her last parting shot was to put it on the agenda, to make sure that President Obama couldn't forget about it as she left the building.

So, we were all very pleased. I remember some of us were here in the audience, and there was a great stirring of enthusiasm at the time. And we're very pleased to see that President Obama then put that, obviously, into the State of the Union Address, and that you and many others have really picked this up with the same kind of enthusiasm and energy.

I wonder, before we turn over the floor to the audience, however, as to how long you think we have to really make some progress on this. Because the way that you laid out the political considerations, the difficulties of dealing with individual sectors, all the attention that we're getting now to this historic opportunity -- which is really quite strategic. It's not just, as you put it, about trade, but it's an opportunity to put the whole transatlantic relationship on a whole new footing.

But it seems that we've got some questions about some of the key personalities. I mean, obviously, President Obama is in his last term as President of the United States. Michael Froman is, obviously, moving over to the U.S. Trade position. You have elections coming up in Germany quite soon. And, also, Karel De Gucht, who's been a key person for the EU in this, is coming towards the end of his term in the Commission.

Do you think we can really make -- obviously, with some rousing enthusiasm behind this, we can always make things happen. But do you think we really have sufficient time to get things onto the footing that you've laid out, before we start into the endless changeover of personalities that are always quite key in this?

MR. RÖSLER: Okay, I think we have sufficient time. But we have to do it as soon as possible, to start. And although we have this decision, this day, from the European Parliament, I think we have the opportunity to start the negotiations in summer 2013, maybe in June. And that would be the first step. And if we are very fast, I think we can show that there's power behind the idea, and that we want to come to a TTIP.

I think the plan of Commission De Gucht is -- and the European Commission -- to start maybe in June, maybe beside the G-8. I think it's 18th, 19th of June. And President Obama will be there. He will come to Germany, so we are very

happy and very proud. And maybe it's a good surrounding to say, yes, we want to start our negotiations.

MS. HILL: That's great. Well --

MR. RÖSLER: You mentioned the election --

MS. HILL: Yes.

MR. RÖSLER: No problem. (Laughter)

MS. HILL: Well, we always like, in America, that can-do attitude.

MR. RÖSLER: I wonder why they are laughing. (Laughter)

MS. HILL: Well, we're also -- I'll be very delighted to see Germany playing a key role in this. And, as Claus mentioned at the beginning, there's been a great deal of focus on Germany, picking up here in the United States. And we do hope that you will continue, past the elections, to be able to carry the banner of this forward.

I'd like to bring in some of the audience.

I know you also have many people from your delegation here, too. So if there's a question that perhaps even someone from the delegation, you might want to bring in, please feel free. They may want to run and get sandwiches now, or something, to escape. But I know we have a lot of interest.

We also have a microphone that will be passing around.

I saw a hand -- yes, this gentleman at the back, here. And please identify yourself, sir.

QUESTIONER: George (inaudible) from Finnish Partnership.

The question is regarding the youth unemployment and crisis on both sides of the Atlantic -- 6.7 million youths from 16 to 24 years old in America, out of job, out of school. Many consider this a national security issue. In Europe, it's as much twice -- at least twice as much. And in the south of Europe, you know better than I do.



Would you consider -- it's difficult to negotiate -- but at least to raise, as early as June -- and congratulations to the idea to start very soon -- to discuss this issue between U.S. and Europe, the youth unemployment, social crisis is very difficult. On Japanese side, they seem to be ready. They have 1.5 million youth -- what they call "hikikomori" -- single.

So this is my question: Would you address this issue very early stage, between Europe and U.S.?

MR. RÖSLER: We have two different things, because the problem in Europe of youth unemployment, that's a huge problem at this moment, is calling by the crisis in the euro zone. It's very special, and we are convinced that we will manage the crisis in the euro zone. Now we are on the much better way than two-and-a-half years before. And now, the last council made some decisions to fight against youth unemployment.

Last week, my colleague Minister for Labor, Mrs. von der Leyen, started some special programs, together with Spain, for example, to raise the quality of vocational training. And that is the main reason for the United States, as well. Because vocational training, it's a question of competitiveness. If you ask our German companies where the small problem as far as invest in the United States of America, they say it's a question of education. And they need a well trained workforce.

And so, we try to bring up some kind of our well-known system, it's called "dual system," in Germany, and Europe, as well. But, as you know, it's very difficult to say, oh, we come to the exchange between this super system from Germany to the United States, because you need not only the school system, but you need the companies behind. You need many, many, many small and medium-sized enterprises who want to train younger people. So, that would be a long-term problem in the United

States, to come to better vocational training. And in Europe, especially in our Program Member States, as we call them -- Program Member States -- it's a very current problem. So we have to manage it very fast, it's very urgent. So I think it's different.

But, yes, education is a topic between the negotiations between the United States and EU. But there are different issues in the United States and Europe.

MS. HILL: Thank you.

There's a question from the gentleman here, towards the front. The microphone's coming down.

MR. WEIDER: Thank you. Patrick Weider, German newspaper, *Frankfurter Allgemeine*.

Herr Rösler, I'm asking in English now, that's fine -- I have two questions, if I may. One is, when you talked about that there should be no preconditions for these negotiations, what about the public utilities in the European Union. There were some talks and some reports coming out of Brussels that the EU want to exclude public utilities from the negotiations. And I would like to have your opinion on that.

And the second question I have: When you talk about setting up standards, common standards, for the transatlantic market, and when you place that as some kind of precondition for gaining ground in worldwide trade and worldwide competitiveness, don't you -- how can you guarantee that this will be an open marketplace? And how can you guarantee that other countries don't see that as a closed shop?

And after your talks with the U.S. administration, do you think that the U.S. is in favor to have that agreement as an open agreement, as well, that other countries can participate? Or isn't there a real danger that you will have a closed shop in the end?

MR. RÖSLER: Okay, the first question was about some excludings just before the negotiations. And, yes, you heard the last few weeks many rumors about sectors which wanted to be excluded from the negotiations. But, at the end, I was last Tuesday in Brussels, I talked with Karel De Gucht, mentioned our Trade Commissioner, Foreign Trade Commissioner, and he said, no, no excluding. We want to have a comprehensive approach for these negotiations. That is the position of the Commission. That is the position of the German government -- although, this day, the European Parliament decided to come to exclude something, audio-visual things.

So, I think that would be the position of the Commission. And the Parliament comes at the end of the decision, at the end of the negotiations, maybe inside 2016 -- nobody knows -- but at the end, not at the beginning.

So, now we know their position. It's very important. And it shows all the challenges we have, why there are negotiations. But the Commission can decide on its own whether she wants something to exclude or not, and she decided last Tuesday that there were no exclusions.

Okay, the second was if we have some common standards in this TTIP. I think it shows that we have a huge market for these standards. I mean, for example, take a socket for electromobility. I know that's a problem because inside Europe we have some problems to come to a common standard with our friends and neighbors in France. But the dream is we can come to a common standard in France and Germany, and Europe, and then we can come to a common standard for the socket electromobility in the United States. I think the market would be so huge that all the others have an interest to have the right socket for the right market.

And our process is not only comprehensive, but very open. If you have the position "open market, free trade, and fair competition," you cannot say yes to a TTIP with any protectionism.

So, it would be much better to come to a multilateral approach. But the second best is bilateral. But if you have a bilateral, it must be open for the others.

And, as I mentioned, I hope that these bilaterals between EU and U.S., and the TPP from the U.S. will be a new starting point for WTO and Doha.

MS. HILL: Perhaps I might add a little more to that question. One of the countries, obviously, that has been perhaps most concerned about the implications of the TTIP negotiations is obviously China. And, although that wasn't the thrust of the question, it might have been hovering behind the scenes.

And, certainly, in many of the events that we've had here at Brookings where this topic has been raised, there have been concerns about what are the implications for China -- because some of the pacts that have been used as the basis for pointing forward have obviously been with individual countries, like South Korea.

So the question is: How could this be, down the line, given guarantees? Or how could guarantees be given to countries like China, that they won't be excluded.

MR. RÖSLER: Okay. If there is someone who is worried about the bilateral TTIP, we have one more support, for support, in the question of multilateral.

But I know the problems. I know the worries in China. We have similar in Turkey. I think President Erdogan was here, as well, and --

MS. HILL: He was. He would also like to be part of this.

MR. RÖSLER: Yes. Okay. And you also said no, I think.

But, so that shows the interest. And I think it's very important. And, at the end, it's a good signal, because if they say, oh, they start again, but we know the end,

it would be a never-ending story, they would not be worried. So now they are worried about.

But, I think it's so open, and it's some kind of invitation, not only between EU and U.S., but it's an invitation for the other countries, as well, to join this free-trade and investment partnership. I think that is the approach, to say, at the end, we can use it as a new starting point for multilateral beginnings.

But, yes, we know the problems, but it's not against anyone, it's for one transatlantic marketplace. And it's a marketplace not only for the partners, U.S. and EU, but it's a marketplace for everyone in the world. And in a global economy, it's important to have these marketplaces.

So, I think it's some kind of competitiveness, and competitiveness is good for business.

MS. HILL: Healthy competition.

MR. RÖSLER: Okay, yes -- fair competition.

MS. HILL: Yes.

Sir? Yes.

MR. DOUGHERTY: Hello, Herr Rösler. My name is Carter Dougherty, with Bloomberg News.

You mentioned, at length, you talked at length about non-tariff barriers in trade. This is a very vivid reality for a lot of companies, probably nowhere more than in the area of financial services, where a lot of new forms of regulation have sprung up over the last three years in reaction to the financial crisis. And, of course, one man's proper regulation for the stability of the banking system, or for consumer protection, is another man's trade barrier -- one reason why you can't do business in this or that market.

I was wondering if you had any thoughts on how you address this balance, as both the United States and Europe come out of a very serious financial crisis, where they need to regulate properly, but where, in fact, some of these effectively function as trade barriers.

MR. RÖSLER: Okay, we have the same goal that we want to have a stable financing system for our real economy. I think that's the goal of the government here in the U.S., and for all European, as well.

And, as I mentioned, maybe we have different ways. Maybe, in some sectors, we have very different ways, and much more regulation in Germany than in the U.S. So that is a part for the negotiation, in itself.

And I think that the question of financial services would be the greatest challenges, maybe -- much greater than the question of agricultural, (inaudible), and so on -- because this sector is much more important for the whole economy than agriculture as a sector alone, because only 3 percent or so, at this moment, in bilateral. But the question of financial services is the most important.

And after the crisis of 2008, in 2009, as you know, many things happened in the EU, in some member States, for example. So we have very different systems. And that shows that we have much to do, and it's a great challenge to negotiate these financial sectors. But we will negotiate it.

MS. HILL: Yes -- in the back, please.

MR. BATTISTELLI: Joseph Battistelli, Global Trade Watch. I apologize, my question's a bit long. I actually had to write it down.

The EU draft negotiated mandate for TTIP calls for the perpetuation of the investor-state dispute mechanism that allows private companies to challenge sovereign States in out-of-court tribunals. Germany has already been targeted by this in

a number of ways, including the Vattenfall's case against Germany's decision to phase out nuclear power.

Does Germany support the expansion of this investor-state dispute mechanism? And if so, why?

MR. RÖSLER: Maybe -- I cannot say anything to Vattenfall, because it's not only not a German company, but we have some -- we're awaiting some decisions by the court of this question because of our decision to phasing out.

So, I think, yes, maybe after the question of financial service sector, would be the question of energy sector. Because last week, we heard the rumor that the European Commission want to exclude the energy sector -- especially because of such questions.

But I think we need comprehensive approach, so we need the question of energy, as well. But in this energy, we would have much debate. And this concrete topic, I cannot answer because of our problems we still have.

MS. HILL: Was your question more about the concrete case, or about the larger phenomenon that --

MR. BATTISTELLI: It's about the larger investor-state dispute settlement (inaudible). Germany's taking the brunt of these decisions, and I was just using the energy sector as an example.

Why would Germany -- why isn't Germany, itself, interested in perpetuating the system.

MS. HILL: Okay, so the role of the system, overall, then.

MR. BATTISTELLI: Yes, the investor-state dispute settlement.

MR. RÖSLER: So, the question is why we have the energy sector?

MS. HILL: No, more about the tribunals, the role of the arbitration.

MR. RÖSLER: Okay, if you make decisions as a government, and so I think you need the right, as a company, to go against such decisions. So, that is normal, and you need rules for that. And that is a topic we have now to debate with the European Commission, but I think it's right. And we need such systematic in the future, at TTIP, as well -- although we have, at this moment, some problems with it.

MS. HILL: Yes -- the lady over here.

MS. VON REPERT-BISMARCK: Hi, my name is Julianne von Reppert-Bismarck. I'm a journalist with EMEREX.

I wanted to ask a question that is more about EU-China bilateral relations -- which I hope I will be able to elegantly loop back to the U.S., because I think the U.S. might also be interested in this.

There has been a lot of concern recently in Europe that Chinese subsidies and Chinese unfair trade practices are difficult to challenge in the high-tech sector, which is still a strong point in European industry, especially German industry, because of European fears of reprisals in China, as you know. And I think you have been vocal about that -- to some extent. Karel De Gucht has said that he might, in fact, challenge China, independently of European industry, on issues like telecoms infrastructure.

Where does Germany stand on that? What is your view on perhaps using those kinds of threats of trade challenges to get China to the table on things like an investment treaty? And, looping back to the U.S., when you went to California, was anybody in Silicon Valley at all interested in this? And have you had any signals that there are concerns about similar reprisals in the U.S.?

Thank you.



MR. RÖSLER: Oh, Brookings meetings is a challenge -- so, yes -- first of all, yes, we have a current debate in the European Commission, between the Commission and me, as the Minister for Economics and Technology in Germany, because of the question of how do we behave with the question of bilateral trade with China and the EU.

For example, last week, it was photovoltaic. I said it's better to come to a friendly solution than to sanctions. And I know that the Commission made some special decision in the question of networks and grids and telecommunication, because they say we tried to come any further -- and Karel De Gucht said it to me, I tried it since 30 months or so, and nothing happened. And now he made a decision that if, in the next two months, nothing happens as well, then he will come to a decision to go against China, the question of some special part of the grid and telecommunication.

I think that would be the same problem like photovoltaic. If you start with one sector, and with sanctions, I think the answer would say, "Oh, yes, we can make some sanctions, or tariffs for other sectors, as well," for example steel, or so. And then we say, "Oh, there's a problem with steel," maybe we look at the question of automotive. And so we have a very difficult situation.

It's better to come to a friendly solution in both -- photovoltaic, and telecommunication.

I know that photovoltaic is much easier than telecommunication, because I think the reason for the decrease of photovoltaic is obvious in Germany, because of the special law to give subsidies to renewable energy. But the question of telecommunication, it's much more important for us because of the question, not only competitiveness, but the question of security, and security of the grid. And it's important

infrastructure for us, not only for the companies, but for society and the economy on the whole. And so, it's much more difficult, because we need a solution.

But Karel De Gucht is so angry because nothing happened in the last month. And I asked him, very friendly -- and we are very good friends, we are members of the same European party family, but at this moment, it was not very familiar.

So, I think -- and the second was if no one (inaudible) really ask this question, although I know that some bigger companies are planning to go in the grid business, as well, and network business, as well -- some really big companies. So I wonder why they didn't ask me about this, but maybe -- we have no decision at all. Maybe in two months, and then we'll see.

MS. VON REPERT-BISMARCK: What about using this as leverage for negotiations (inaudible)?

MR. RÖSLER: I think that's not very good to have some leverage, as you mean. I think that the colleagues know very good what that means, and that's not a friendly approach. And if you have such an unfriendly approach, I think it would not be good for any negotiations.

MS. HILL: There was a question here at the front. Do we have the microphone? Just one moment, sir. Right here.

MR. WIECK: Thank you. I apologize -- Reinhard Wieck, with Deutsche Telekom. I apologize for a rather abstract question. It's regarding your proposed transparency of the negotiations. And the abstract point is as follows.

You might know from game theory the famous prisoner's dilemma. The prisoner's dilemma: The two prisoners can cooperate, and they get the maximum reward. But they come -- if they do not cooperate, they're better off. So the stable solution to this prisoner's dilemma is the worse outcome.

So, my question is, how can we make sure that both parties, Europe and the U.S., have the same sense for transparency? Because if one party -- that's the abstract part -- if one party is less transparent than the other, they might gain an advantage in the negotiations.

Thank you.

MR. RÖSLER: If one of these two partners is not transparent enough, no one would have any advantages. I'm very convinced in that. Because I mentioned this part of transparency, because of the discussion we had in different treaties, like ACTA, also. And we saw it -- if you have no transparency while the process of negotiations, and you have only the product at the end, the people say, "Oh, what's that?" And you have no explanation. No one can understand what's behind this topic in the future treaty.

So it's very dangerous to come to secret negotiations, whether it's only on the American or European Union side. And then you have a product, and the people have the mood that's not really correct.

And, as we know, many people, many sectors, are very worried about this TTIP, so that's the reason why the European Parliament made its decision today. So, if we see, at this moment that there's many worried about, in the society, it's better to be transparent, to explain it, what would you do? And, for example, in the agricultural sector, to explain that we have the same goals, but different ways, that's very important. And then we can accept the way from each other. And that needs transparent discussions, so that is our goal.

And if you're thinking, oh, it's better to say not the whole truth; I think you will make a huge mistake. So I think we need transparency in the process of negotiation.

MS. HILL: We have time perhaps for one more question, because the Vice Chancellor has to leave fairly promptly.

Anybody else want to have a question?

We've obviously satisfied all of the curiosity and inquiries about the process.

Perhaps, Vice Chancellor, if you have any last thoughts for us, in thinking about how things will look for the launch of the negotiations in June, and some things that you would like to see achieved before the end of the year?

MR. RÖSLER: Yes. First of all, the beginning is the most important thing. So, we try to talk with our neighbors and friends inside the European Union. Then we come to a solution to the last topics we need, and the last decisions we need, and then we can start in June. That is our hope, and it will be a very strong signal to the whole business community.

If we have started the negotiation, then we have to explain why we need it, where are the opportunities for both, for both economies, but for both societies, as well. And that has to start right with the start of the negotiations.

MS. HILL: Well, that's great. June is very close. We have a long weekend ahead of us here in the United States to contemplate that, as well.

So, we wish you every success. We hope that you have very good meetings to wrap up your trip here in the United States, and that you will go back also with some good bilateral trade deals that will boost German and U.S. bilateral relations, not just the relationship with the EU.

And we hope we'll also have the opportunity to welcome you and some of your colleagues back here again to Brookings, and to Washington, D.C.

And, again, I'd like to thank the German Embassy, and our colleagues from the Friedrich Naumann Stiftung -- and you, personally, and all your delegation for joining us today. Thank you so much. (Applause)

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