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Yves-Andre, thank you for that warm introduction.

There are few privileges that are better than being introduced by a close friend and mentor of over 20 years.

And I would be remiss if I did not say that one of the great benefits of this evening is to spend time with you and Kathleen.

Good evening.

I would like to thank the European Institute for the invitation and opportunity to speak with all of you tonight.

As this year marks the 70th anniversary of the end of World War II, it is more than fitting that I am able to offer my thoughts to an institution that has supported the Trans-Atlantic relationship for more than a quarter century.

And as the head of the International Trade Administration, an agency mandated to promote international trade and business investment; foster a level playing field for U.S. businesses; and develop strong commercial relationships with governments and businesses in foreign countries; the partnership between ITA and the European Institute is clearly critical to supporting and deepening our commercial engagement.

So I thank you all for your important work. And I look forward to hearing your thoughts this evening and throughout my tenure as Under Secretary

While tonight's main subject is T-TIP, I would like to take a brief moment to acknowledge the historic completion of the TPP negotiations and to congratulate all of our negotiators.

TPP represents a 21st century trade agreement that maximizes the economic benefits of markets comprising 40% of global GDP, strengthens regional security in the Asia-Pacific, and secures the strongest commitments on labor and the environment of any trade agreement in history.

In the process, TPP provides an historic opportunity to grow the American economy, support well-paying American jobs, and grow the Middle Class; notably, by: increasing access for U.S.

businesses to the fastest growing region in the world, eliminating 18,000 tariffs on U.S. exports; and by leveling the playing field, which will increase predictability and transparency, notably for American SMEs.

What we hope for is that closing TPP will have a catalytic effect that will result in securing an equally historic achievement: finalizing our negotiations on T-TIP.

And as we are approaching the 11th round of those negotiations, let me briefly discuss where we are today.

In the 10th round that was convened back in July, the main outcome was the EU providing its first draft text for the T-TIP Chapter regarding the services industry. This was a crucially important step towards covering the wide array of services industries in the U.S. and the EU—from telecom to financial services, from computer services to retail distribution, from environmental services to express delivery, among others.

But this achievement would only have been possible as a result of the work of previous negotiating rounds.

Prior to the 10th round, U.S. and EU negotiators considered proposals for enhancing cooperation between our regulators, and identifying the good regulatory practices that both sides should embrace in the context of a final agreement. And as always, our regulatory coherence work is rooted in an essential principle: preserving the right to regulate in the public interest for both American and European regulators.

Our negotiators have also worked on customs and trade facilitation, specifically by addressing and exchanging ideas on ways to reduce delays and costs, as well as eliminating red tape and bureaucracy.

Those negotiators are particularly committed to this work to ensure that our SMEs reap the maximum benefits of Trans-Atlantic trade, particularly since they typically do not have the resources to withstand the higher costs and longer delays to market that trade barriers often produce.

Now, none of this sounds particularly exciting. And there is a simple reason for that. It is because none of this is, in fact, particularly exciting.

And I think this speaks precisely to where we are in our negotiations. We are clearly out of the phase where general approaches and principles are still being discussed. And we are clearly in the phase where we are negotiating detailed proposals and specific text language.

In fact, our lead negotiator, Dan Mullaney said it best late last year: When he said QUOTE “This is not the kind of work that is particularly exciting, but it is the kind of work that is absolutely necessary to build a firm foundation for the ambitious and comprehensive agreement that we have undertaken, while continuing to take into account the interests of the public.”

It is clear that some observers of T-TIP negotiations are characterizing this phase as reflective of an impasse in our talks.

But this is, in fact, a fundamental misreading of what is taking place in our negotiations. And I would say that for three very clear reasons.

The first reason relates to a general point about negotiations and doing deals. I would note here that before I came on to lead ITA, I spent almost 30 years in the private sector, building and leading a successful investment bank. That means that since 1984, I worked on negotiating and closing, probably more than \$1 trillion worth of deals for my clients. And if I learned one core truth, it is that the cadence of a deal ebbs and flows, and that the most complicated deals are always marathons; not sprints.

And let me add this. As we make progress on many of these outstanding issues, this will not make our negotiations any easier. The issues that will be the toughest to agree on are likely to be left to the very end, as is the case with any complicated negotiation.

But none of this means that we have reached an impasse in the negotiations. In fact, it reflects just a reality of all negotiations. Or more to the point, tough negotiations are not a harbinger of a failed deal. But rather, they are essential to eventually closing a deal.

The second point relates to a way in which our T-TIP negotiations are different from other free trade agreements we have negotiated in the past.

Here, I am referring to the standards and regulations chapters. It is no surprise to anyone that the standards and regulations sections of the agreement have proven to be the most difficult area of our negotiations so far. There are clearly differences in how our economies regulate our respective markets and industry sectors.

But the misperception that exists is that these differences we are working to bridge relate to fundamentally different regulatory objectives. This simply not the case. The differences are over the details; not objectives.

American and European regulations are, in fact, rooted in precisely the same objectives: ensuring public health, securing product safety and environmental protection, among many others.

That the U.S. and the EU regulatory frameworks share the same objectives is indeed why we are the standard bearers for regulations and standards in the world.

All of this is to say, that when you realize that our regulatory coherence negotiations are rooted in finding common ground that will facilitate Trans-Atlantic trade, and not in a meeting of the minds over objectives, the true negotiating gap, while still challenging, should be more manageable.

But the final point may be the most crucial one.

There is no question that reaching a final agreement on specific terms is critical to closing any deal. But in my experience, it is when negotiating parties maintain their focus on the larger stakes that they find the willingness, energy, and flexibility to come to agreement, including on those final points that are always the hardest to tackle.

Now, there is a specific reason why I wanted to touch on this point.

For those who closely follow the press of every T-TIP negotiating round, you may have noticed a different message during the press conference ahead of the 9th round of negotiations.

In large part, you would have heard the normal messaging discussions about specific technical advances that have been made and goals for future rounds.

But there was also a rare turn. The U.S. negotiator said that he wanted to remind everyone of what is at stake. He said he wanted to do so as a QUOTE “interested citizen.” And he proceeded to lay out the three larger stakes attached to finalizing T-TIP: that T-TIP is the best opportunity to build on the U.S.-EU economic relationship; that T-TIP will ensure that the U.S. and the EU continue to provide the preeminent economic model for the global community; and that through T-TIP, we can reinforce the foundation of the Trans-Atlantic relationship, which was characterized as the most important political and security relationship in the world.

So I would like to use my remarks to amplify these points about the three larger stakes attached to finalizing T-TIP.

First, regarding our economic partnership, I would, of course, note that the U.S.-EU partnership is clearly one of the strongest in the world today.

Last year, two way trade between the U.S. and EU achieved a new record, reaching just under \$700 billion. That includes the record we reached in U.S. exports to the EU, of just under \$220

billion dollars. As for investment flows, foreign direct investment held by both the U.S. and the EU is valued at just under \$4 trillion.

Perhaps most importantly, our trade and investment relationship supports 13 million jobs on both sides of the Atlantic. That includes 2.6 million American jobs supported by just U.S. exports to the EU alone, which is nearly a quarter of all American jobs supported by our exports.

But as much as we have achieved, there is still enormous potential to be realized.

At its simplest, every tariff and non-tariff barrier precludes our ability to reap the maximum gains of an economic partnership that represents \$35 trillion of GDP. By way of comparison, the collective GDP of the U.S., Mexico, and Canada is a little over \$20 trillion. But U.S. exports to our Canadian and Mexican free trade partners support nearly 300,000 more American jobs than those supported by U.S. exports to the EU. So when it comes to our partnership, the U.S. is clearly leaving American jobs on the table. Just as the EU is leaving European jobs on the table.

But there is a more fundamental point to be made here. On this point, I refer to the insights of the economist and former director of the White House Economic Council Larry Summers, and his theory on Secular Stagnation.

As many of you know, one of his critical arguments is that the U.S. and Europe, among other advanced economies, may be reaching a point where there is simply not enough investment demand to spur the type of sustainable, robust economic growth we have seen in the past.

He lays out several reasons for why this may be the case: reductions in demand of debt-financed investment because of how inexpensive it is to start a new venture; cheaper capital goods that require less borrowing and spending; and slower population growth, among others.

But Summers is quite clear, as he always is, as to what the best strategy would be to spur sustainable economic growth in the future: raise the level of demand.

And one of the key ways he thinks this can happen is through promoting exports. In fact, he specifies export promotion, relaxation of export controls, and trade agreements as key drivers for economic growth.

Now, I suppose we can disagree with aspects of this argument. But his Secular Stagnation theory does speak to an undeniable economic reality: that there is no path to economic growth that is enduring, robust, and sustainable that does not include increasing demand, and tapping into that demand through robust trade policies.

Which brings me to that fundamental point: that neither the U.S. nor the EU can achieve long-term economic growth that is both robust and sustainable without optimizing our trade partnership. And there is no such path to optimizing our trade partnership that does not include a finalized T-TIP.

And in a global economic environment defined by: weakening foreign demand, underwhelming global growth, and currency headwinds, there is no better time than now to optimize our trade partnership through a finalized T-TIP.

The second point relates to ensuring that we project what is the preeminent economic model for the global community.

Of course that economic model is rooted in the Bretton Woods framework, with John Maynard Keynes and Harry Dexter White serving as its architects, evolving into the creation of GATT and ultimately the WTO.

But there is another crucial architect of this economic model. I am, of course, referring to the French Statesman Jean Monnet; a fact that is obviously apparent given that your Institute's co-founder and co-chair, Jacqueline Grapin, serves on the board of the Jean Monnet Foundation in Lausanne.

By spearheading the Schuman plan, which led to the creation of the European Coal and Steel Community, and then leading the ECSC as its first president, Monnet was the leading architect and a driving force behind the institution building that supports trade and investment policy, and strong governance.

So the Bretton Woods order and the ECSC catalyzed a wave of open market policies and institution building that helped produce the greatest expansion of economic growth and opportunity, the broadest and deepest explosion of innovation, and the highest rate of poverty reduction in human history.

And this wave also created a platform for crucial protections of the environment, intellectual property, and workers throughout the world.

In the process, we would witness the rapid economic growth and institutions in the Asia-Pacific and Latin America over the past 35 years, the growth and economic diversification we are seeing in the Middle East and Africa, and the EU boasting the largest collective economy in the world.

So regarding the interest of providing that preeminent economic model, I would note that the world has already followed and is continuing to follow that very model.

But I would also note that as longtime diplomat and member of your board, Robert Zoellick, said 10 years ago, and as Vice President Biden himself repeated just last week, responsible stakeholders recognize that the international system sustains their peaceful prosperity, so they work to sustain that system. So it is incumbent on the U.S. and the EU as responsible stakeholders, to sustain the system we have helped to build.

And T-TIP represents a generational opportunity to do just that.

Finally, there is the larger stakes of reinforcing the foundation of the Trans-Atlantic relationship

In this case, I would acknowledge an important anniversary. I am not referring to this year representing the 70th anniversary of the end of World War II, the 70th anniversary of the United Nations, or even the 20th anniversary of the WTO.

I am referring to an important anniversary that will take place next year: the 75th anniversary of the Atlantic Charter. Drafted by President Roosevelt and Prime Minister Churchill in 1941, the Atlantic Charter is nothing short of the Magna Carta of our Trans-Atlantic partnership, if not the modern global order.

In the Charter, the fourth principle specifically calls for all global trade necessary to secure the economic prosperity of nations.

And more importantly, the fifth principle calls for QUOTE: “the fullest collaboration between all nations in the economic field with the object of securing, for all, improved labor standards, economic advancement, and social security.”

And this speaks to the crucial point. I have heard some refer to T-TIP as the next Trans-Atlantic relationship. Others have called it the next NATO. I personally do not think T-TIP represents either of these things, particularly because T-TIP on a fundamental level is really nothing new.

It is in fact a robust continuation of the Atlantic Charter principles that have guided the Trans-Atlantic Relationship now for more than 70 years. Principles that have been affirmed in the U.S.-EU trade and investment relationship we have today, and in the explosion of global growth, institution building, and vastly improved standards of living that we have seen in the last 70 years throughout the world.

So T-TIP is not ONLY an opportunity to reinforce the Trans-Atlantic relationship. It is an opportunity to reinforce the very principles that this relationship were built upon.

All of this leads to my final point.

Clearly, there is and will continue to be an intense debate regarding T-TIP. And of course, that debate includes strong opposing voices, as any discussion of this nature would, and perhaps should.

I would like to point out that there was and continues to be a similar debate over trade policy in the U.S. But that conversation has recently reached a true inflection point.

According to a Gallup Poll taken this year, 58% of Americans believe that trade represents an opportunity for economic growth. That is the highest figure Gallup has ever recorded on this question, going back to 1993.

According to a recent Pew poll, 49% of Americans view the Trans-Pacific Partnership or TPP as a good thing, compared to only 29% who disagreed. And among millennials, the support figure is even higher: a stunning 65%.

And according to a separate Pew poll from last year, 53% of Americans support T-TIP, compared with only 20% who disagreed.

But the best evidence of this inflection point is the fact that the first Trade Promotion Authority in 13 years was passed by Congress and signed into law by the President this summer.

We can theorize why American public support for trade and trade agreements has increased. But I believe it comes down to one fundamental reason.

The national conversation over TPA, TPP, and T-TIP created a platform to discuss the very real economic stakes of trade, notably whether deepening our trade agenda would lead to growth for our businesses and prosperity for our workers.

And because the conversation has focused on these larger stakes, U.S. public opinion naturally rose in support of trade and these specific trade agreements.

I say this because as we proceed through these tough T-TIP negotiations, we are going to see a similar conversation take place; a conversation that will move further away from the differences in details and further towards the broader stakes.

And when this happens, opponents of T-TIP will have to make a case for how a world without T-TIP will result in a strengthened U.S.-EU economic partnership, offer a better economic model to the international community, and work to reinforce the Trans-Atlantic partnership.

When the conversation shifts to this focus, I am confident that our case for T-TIP will be a compelling one for TTIP commentators here and in Europe.

That is one reason that 2016 will be a key year as we move towards closing T-TIP.

And from a personal standpoint, let me say that I am more than ready to do my part to make T-TIP a reality. Most importantly, I am ready to engage with my European counterparts. In fact, I am heading to Brussels in two weeks to do precisely that.

And I look forward to engaging with my counterparts in the coming weeks and beyond as economic partners, as stakeholders in the Trans-Atlantic partnership and the global system of commerce, and as interested citizens.

Thanks for listening.