

Boosting Transatlantic Trade

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- *Check against delivery* -

Ladies and Gentlemen,

What is the biggest issue in transatlantic trade today? If you read the German media regularly, you might think the answer was “chicken”. From my humble perspective this is not quite what the discussion should be about. I’d like to tackle the core of the problem by making the following seven theses:

First: The US is and will remain the most important political partner to the EU and therefore to Germany in the coming decades. We have shared political objectives: We both believe that freedom, democracy and human rights are the glue that holds our societies together. We have shared security objectives – in NATO but also beyond. And we have common interests in foreign policy. In addition, the US is one of the few partners in the world with a political system built based on common cultural roots. These cultural ties should not be underestimated when it comes to international trade issues.

Second: Economic partnership and transatlantic trade are important cornerstones for our partnership today. But a standstill in partnership always poses a risk to our relations as a whole. Like a house that has to be renovated from time to time, we need to revamp this partnership. It needs to be adapted to new political and economical challenges; it needs to be improved and modernised. TTIP is the right instrument to do so. The alternatives are either illusion about a multilateral wonderland emerging out of nowhere or deterioration due to idleness.

Third: Apart from these partnership aspects, we as Europeans have a vital interest in TTIP. The US chemicals market represents approximately 16 per cent of the world market, the pharmaceutical market 33 per cent, and the life science market as much as 46 per cent. This importance of the US market holds true for other business sectors as well. In addition, the US serves a reference market for many products and applications that companies and countries look to. Without proper and competitive access to the US, European industry would suffer.

Fourth: The parts of TTIP that are of utmost importance deal with the harmonisation of rules, the mutual recognition of standards, and the ways to avoid duplicating costs on both sides of the Atlantic. It is not a question about chlorine chicken or French raw milk cheese. By the way: I am not quite sure what is better: chicken fed with antibiotics or bathed in chlorine. So let's forget about these distractions and focus on the things that really matter. In my industry, what really matters is, for example, the regulation of dangerous chemicals. In the US there is TSCA, the Toxic Substances Control Act. In Europe we have REACH, an abbreviation for Registration, Evaluation, Authorisation and Restriction of Chemicals. Both have the same objective, namely to ensure that certain chemical substances are handled appropriately. What is very different though are the details. Mutual recognition within TTIP is therefore not realistic. But there are regulatory changes that can be made without lowering standards: Reporting requirements can be adapted or forms and processes can be harmonised. These are not issues that make major headlines – but they would make a difference in lowering non-tariff barriers.

And of course there are areas where standards can actually be compared. The FDA and EMA for example inspect pharmaceutical manufacturing operations all over the world – why not find a common basis? The harmonisation of registration standards or an agreement on clinical trial data required to register new drugs would improve patients' access to new treatments and lower the overall cost. In the end, the pharmaceutical industry could spend more money on actual research and development instead of on bureaucracy. Once again: nothing that makes headlines but something that matters.

Fifth: The opposition to investment protection clauses is not fully convincing because it is black or white. Reality is far more complex. TTIP offers the unique opportunity to agree on new standards which could influence the future of investment protections elsewhere and pave the way for a more functional system – with greater transparency of proceedings, the possibility to appeal decisions, a more vigorous selection of judges, mechanisms to weed out frivolous claims and prevent an inflationary increase of lawsuits, improved access to tribunals for small-and medium-sized companies, and a more solid framework for settlements such as a standing international investment tribunal. In a broader context, we could even think about services to developing countries similar to the Advisory Centre on WTO Law that counsels developing countries about WTO rules.

Sixth: As Pete Seeger sang based on the Book of Ecclesiastes, “to everything there is a season.” For TTIP the season is now. The structures are in place and negotiations have created room for compromises and progress. Common objectives exist. Together, we now can define standards. And who knows, in a few years from now we may be sitting here and discuss a TTIP with China, looking at a perfectly functioning TTIP with the US.

And **seventh:** TTIP requires political leadership. Now. True: TTIP has strong political support by many politicians. But unfortunately there seems to be a “let’s wait and see” approach by a growing number of decision makers – in Germany and elsewhere in Europe. But as the biggest member state within the European Union, Germany cannot wait and see. The same holds true for the US. President Obama spoke enthusiastically about TTIP during his 2013 State of the Union address. In his 2014 speech, transatlantic trade took up less than half a sentence. TTIP was not even mentioned by name. Given the divided political climate, President Obama has chosen to engage Congress on other matters. That’s understandable. But it leaves his government without a clear mandate to conduct negotiations. And it leaves us Europeans with a great deal of uncertainty about the ability of the Americans to “seal the deal”. Given the benefits TTIP would bring, Berlin and Washington should be shouting their support from the rooftops. And to ourselves as leaders in the economy: We should be outspoken and supportive to politics wherever we are able to.

In 1952, Adlai Stevenson ran against Dwight Eisenhower for the US presidency. A gushing supporter told Stevenson: “Governor, every thinking person will be voting for you”. Stevenson replied: “Madam, that is not enough. I need a majority.” TTIP also needs a majority. It needs a majority of popular support in Europe and the US. All of us should therefore raise our voices clearly and loudly to support TTIP to make the world a better place – for you, for the EU and the entire human race.