



DER ÜBERSEE-CLUB e.V.

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# S.E. JOHN B. EMERSON

Botschafter der Vereinigten Staaten von Amerika

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## TRANSATLANTIC RELATIONS IN THE 21<sup>ST</sup> CENTURY

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### JOHN B. EMERSON

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Geboren am 11. Januar 1954 in Chicago.

Jurastudium mit dem Abschluss „Juris Doctor“ an der Universität in Chicago sowie Bachelor of Arts in Verwaltung und Philosophie am Hamilton College. Danach war er Partner bei der Anwaltskanzlei Manatt, Phelps & Phillips.

Von 1987 bis 1993 war er Chief Deputy City Attorney in Los Angeles. In dieser Zeit wurde er von der Friedrich-Ebert-Stiftung ausgewählt, um als Mitglied einer Delegation nach Deutschland zu reisen.

Von 1993 bis 1997 war Emerson hochrangiger Mitarbeiter im Stab von Präsident Clinton. Er war stellvertretender Leiter des Personalbüros des Präsidenten und anschließend stellvertretender Leiter des Büros für behördenübergreifende Angelegenheiten.

Von 1997 bis Juli 2013 war er Präsident von Capital Group Private Client Services, einer der größten Investmentgesellschaften.

2010 wurde er von Präsident Obama zum Mitglied seines Beratergremiums für Handelspolitik ernannt.

Am 26. August 2013 wurde John B. Emerson als Botschafter der Vereinigten Staaten in Deutschland ernannt.

Emerson ist gesellschaftlich vielseitig engagiert.

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VORTRAG AM 13. OKTOBER 2015

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Herr Behrendt, good evening and thank you for the kind introduction and invitation to speak with you this evening. It's a pleasure and a privilege to meet you all. I know that it's a tradition that the American Ambassador meets with the members of the Übersee-Club.

It is but one of the many traditions that have evolved over the 222 years that there has been a U.S. Consulate here in the great city of Hamburg. It is one of America's oldest Consulates and as Consul General Nancy Corbett and her staff prepare to move from the Alsterufer to Hafen City – this will be, by the way, the 35<sup>th</sup> time the Consulate has moved – our relationship will also continue to develop and evolve.

Long ago, Hamburg's citizens recognized that the best way to democracy and prosperity was the free flow of goods and ideas. That is probably why it was here in Hamburg that President George Washington established one of the first American Consulates General. This is a city where dreams were realized. It was also a port of embarkation for many of the five million northern Europeans who immigrated between 1850 and 1934 to the United States, seeking to fulfill their dreams in the new world. Unfortunately, I must admit that for some incomprehensible reason, my ancestors, and Kimberly's ancestors, both embarked for America from the port of Bremerhaven. However, it was at the Hamburg Immigration Museum that we were able to find evidence of that journey, as well as a photograph of Kimberly's great and great-great grandfathers, a copy of which sits framed on our piano. But as important as the lessons of history are, there are also lessons for the future – about values and responsibility and commitment – to be learned right here in Hamburg; and they are happening, as we speak.

Late last month, in his remarks to the United Nations General Assembly, President Obama spoke about the kind of leadership that is required in this new century. He called for leadership, and I quote, "strong enough to recognize that nations share common interests and people share a common humanity." And then he cited a very real example of his premise that certain ideas and principles are universal, when he cited the Syrian refugee who, welcomed in Hamburg with warm greetings and shelter, said, "We feel there are still some people who love other people." Today, as in the past, Hamburg is important because of its diversity and its openness to new ideas. It is still a place where dreams of a better future can be realized. The Syrian refugee who the President quoted is but one of the some 500 refugees who are arriving daily in this city. Officials here, as in cities and towns around Germany faced with the same challenge, are scrambling to find ways to get them in warm clothes and to get them inside, as the weather turns. Kimberly and I have had the opportunity to visit two refugee centers in Berlin. And it is clear that at the federal, state, and local level, government administrators are exhibiting both great professionalism and humanity in processing a huge number of refugee cases. And the warm welcome that so many German citizens have given to the thousands of refugees coming to this country is commendable and remarkable. This is what values and responsibility and commitment are all about.

If we go back in history, we can trace how these concepts forged a strong transatlantic relationship. We can go back to the early diplomatic initiatives of my country over 200 years ago; or to the early days of the Hanseatic merchants; and the freedom of spirit, sense of opportunity, and openness to trade that are so much a part of Hamburg's history. We can trace the journeys of the millions of immigrants who emigrated from Hamburg's port to the "new world." Their legacy is part of what America is today. All of these chapters of our shared transatlantic history are important, but if I had to select one lesson that is the most relevant to the challenges we face today, it would be the example we set together to the world in the second half of the 20<sup>th</sup> century as we worked together to promote the basic tenets of freedom and democracy. As we look to the future before us, we need to apply that same approach of a positive, cooperative, comprehensive relationship model to meet the challenges of the 21<sup>st</sup> century.

Jean Monnet, one of the founding fathers of European integration, once said, “Crises are the great unifier!” He proposed, for example, moving forward step by step with economic integration, hoping that these would catalyze political unification – not least through moments of crisis. I am not sure what Monsieur Monnet would say today about challenges we face today. It is very possible that the greatest tests yet of what has been called “the Monnet method” lie before us. Without a doubt, the parameters of our world are increasingly complex. The dangerous developments in Ukraine, the Middle East and North Africa have not only threatened the governing principles of international order and a global rules-based system, they have fundamentally changed the security situation in Europe.

I think of the issues we confront today that were not even on our radar when I arrived in Germany just over two years ago: the Russian incursion into Ukraine and annexation of Crimea, which threatens the rule of law and respect for territorial integrity that has been a hallmark of post-Cold War Europe; the rise of ISIL and metastasizing of terrorism into Europe in the form of foreign fighters; the return of the Taliban in certain parts of Afghanistan; the opportunity to prevent, through diplomatic means, Iran from ever obtaining nuclear weapons; the threat of Ebola; the growing danger of climate change; the effect of economic problems in Greece to the Eurozone as a whole; and the greatest movement of refugees through Europe since the end of the war.

The events unfolding to the east and south of Europe are not distant problems. They are having a real and direct impact right in the heart of Europe. And in addition to the humanitarian crisis we are witnessing, the massive influx of undocumented refugees and the challenges Europe faces in trying to integrate them into society, there is the added threat that extremists who are already on European soil will look to exploit the situation.

As we watch events unfold on TV, it is easy to perhaps overreact to the crisis of the moment. However, as we take a step back, it becomes clear that today’s security challenges cannot be solved at a national level alone, but rather they require multinational, regional, and transatlantic cooperation and collaboration that balances both interests and values. In this context, Germany has stepped forward to take a leadership role and will continue to play a critical role, both within Europe, as well as throughout the rest of the world. Germany is one of America’s strongest allies, an indispensable and essential partner in creating a “Europe, whole, free, and at peace.” But we also rely on Germany to play a critical role beyond this continent’s borders, promoting global security and prosperity, and the dignity and human rights of all peoples.

In that context, diplomacy is our first and preferred tool for dealing with international crises. We also require, however, intelligence and military capabilities – should diplomacy fail. Our shared intelligence collaboration is essential to combating terrorism, in Europe and elsewhere; and to understanding what in fact is happening on the ground in places like Ukraine, Syria, and Iraq.

International cooperation is also crucial in the area of defense. As we all deal with new, multi-faceted security challenges, it means we have more tasks to fulfill, while at the same time conflicting budget priorities make the competition for funds ever more acute. Every dollar and every Euro counts. As such, we must work together to leverage each other’s strengths and capabilities, improve interoperability, and avoid duplication of effort while, at the same time, keeping all of our industrial bases strong. And although it may be difficult, we must all strive to meet the NATO member commitment of pledging two percent of our respective GDPs for defense. We must also address the current and growing challenge of cyber warfare that threatens our financial systems, air traffic, transportation grids, as well as our privacy rights and collective national security. And in that regard, the continued cooperation and coordination between our respective intelligence services is more important than at any time since the end of the Cold War. And we dare not forget, in the globalized world of the 21<sup>st</sup> century, the importance of economic cooperation. This is, of course, why the Transatlantic Trade and Investment Partnership agree-

ment is so important. T-TIP represents ideas that were put in practice in the early years after the end of World War II when leaders in the United States and Europe formed a partnership that was based on a vision of peace, freedom and prosperity – a partnership based on the premise that if Europe prospers, so does America, and vice versa. That logic of a mutually beneficial partnership continues to make eminent sense. That is very obvious, here in Hamburg, Germany’s biggest port and one of Europe’s most important commercial hubs.

Together, the EU and the U.S. 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. This mutual relationship is also responsible for a large percentage of research and development – cutting edge research that will power the future global economy – and that includes the creation of jobs and industries that we cannot even imagine today. Shorter product life-cycles, demands for “just-in-time” delivery, increased product differentiation, and more competitive global competition have required firms to innovate more quickly, effectively, and efficiently. That is the reality of manufacturing today. That reality requires innovative and smart digital applications, connectivity, and solutions, as well as stronger partnerships and more intense collaboration both with other companies in industry-centric manufacturing networks, and with scientific and academic institutions in complementary research networks.

Governments owe it to the entrepreneurs, who are ahead of the curve with cutting-edge ideas, to implement systems that encourage interoperability through transparent, market-driven, science-based, standard-setting processes. This, too, is what T-TIP is all about. Through new business alliances and partnerships, through research and innovation, through working together, and through a strong T-TIP, companies can continue to thrive and grow. The more ideas we can move from the drawing board to the manufacturing floor, the better off we will all be. There are many examples, but allow me to choose an example of one industry that is in the news these days – the automobile industry.

President Obama once said that the automobile industry helped make the 20<sup>th</sup> century an American Century. One could also make a similar claim for Germany over the last 60 years. In the U.S. and Germany, the automobile industry has an almost iconic stature. In fact, according to the New York Times, one in seven German jobs is tied to the auto industry – an industry that symbolizes ingenuity, innovation and productivity. And by the way, Kimberly and I have visited a number of German automobile plants. We have witnessed that ingenuity first-hand on the factory floor, in board rooms, and, most recently, on a test racetrack. The point is: the hard work and imagination of generations of German and American workers have led to some of the finest cars the world has ever known. And in both of our countries, the automobile industry is a pillar of our economies.

It is clear, however, that the industry will have to adapt to the future, to design and build cars that are not only popular and reliable, but also clean and fuel-efficient: not just the manufacturing, but all aspects of the supply chain – from engineering the battery to powering the cars; and from building the materials needed for assembly, to shipping the finished product all over the world. This will require ongoing investment in cutting-edge technology and new forms of partnerships, including public-private partnerships. And indeed, automakers from both of our countries are cooperating to pursue common interests.

But, in today’s globalized world, innovation can pay off for everybody only if the rules of the road – the rules concerning trade, foreign investment, financial regulation, science-based regulations – are clear and understandable and adhered to. Let me say a word about a very large elephant in the room right now – and that is the E.P.A. finding and ongoing investigation regarding Volkswagen. And while I cannot comment on an ongoing investigation, it is clear that prompt transparency regarding VW’s actions and close cooperation with the investigatory authorities are of crucial importance – not only to VW, but to the entire industry.

In fact, the reliability of emissions and fuel consumption testing procedures need to be addressed by car manufacturers everywhere. To that end, and there are a number of areas in which transatlantic partners have worked together to set global standards – E-mobility, for example. The expected benefits of harmonizing standards and verifying interoperability are lower engineering, development, and manufacturing costs; increased manufacturer/supplier confidence; and reduced time from factory to market for electric vehicles. This is the kind of strategy we need – one that helps the private sector thrive in the industries of the future. It will not only create jobs in the near term, it will also create an environment for sustained economic growth and opportunity in the long term.

And not surprisingly, this is the primary focus of the Transatlantic Trade and Partnership Agreement. Like other trade agreements, the T-TIP agreement addresses tariffs. Of far greater significance, however, is its emphasis on non-tariff barriers to trade and the harmonization or mutual recognition of rules and regulations that often have a productive impact. T-TIP promotes the values an open trading system represents: freedom, open markets, rule of law, intellectual property right protection, transparency in our commercial dealings, high standards for consumer health and safety, and respect for both the environment and working men and women. These are the values that we share.

They are also, by the way, the focal point of the recently concluded Trans-Pacific Partnership between the United States, and 11 Pacific Rim countries. TPP will result in the largest expansion of fully-enforceable labor rights in history, bringing hundreds of millions of additional people under ILO standards. This included setting fair hours, prohibiting child labor, prohibiting forced labor. It includes the highest environmental standards in history, and prevents overfishing, and makes sure that wildlife trafficking isn't decimating wildlife that are a world treasure.

The Trans-Pacific Partnership took five years to negotiate. When the T-TIP negotiations were launched two years ago, we knew they would present great opportunities – and also a few challenges. After ten rounds, we see both. In my opinion, today the opportunities are even more obvious. Unfortunately, there are challenges we did not foresee. The public debate over T-TIP, in particular here in Germany, is dominated by fears, rather than the realities of free and fair trade.

Candidly, T-TIP proponents lost the first round of framing the public discussion; and not because we lost a battle of ideas – but because we were very late in even showing up. Now, I often talk about T-TIP; but let's face it – the American Ambassador, who represents the country on the other side of the negotiating table, is not going to be the most effective advocate for T-TIP in Europe. Fundamentally, Europeans need to hear from Europeans about how increased trade and investment with the U.S. will positively impact their lives.

The fact is T-TIP will boost exports, support jobs, and advance a pro-growth agenda in Europe. And at a time when much of the EU is struggling economically, facing not only stratospheric youth unemployment but also now a migration crisis of a dimension not seen since the end of World War II, T-TIP would be a virtually cost free jobs package and a stimulus to the European economy that would not require governments or businesses to spend or borrow a single cent.

We also need to shed light on a number of misperceptions – for example, regarding the investor-state dispute settlement mechanism, or ISDS. There is a fear that the ISDS will impose new, extra-legal conditions that will limit the ability of sovereign nations to regulate in the interest of financial stability, environmental protection, or public health. The ISDS approach, which was in fact first invented by Germany to protect its companies from having their assets nationalized by foreign governments, is not designed to prevent any government from adopting or maintaining non-discriminatory laws or regulations. It is not able to invalidate laws or regulations. And despite fears that ISDS would open the flood gates to claims, notwithstanding the fact that it is contained within 2,000 bilateral and multilateral trade agreements worldwide, do you know how many times it has been used, on average over the past decade? Thirty-five times a year; and more than two thirds of those claims were filed by European firms.

I often hear that we don't need ISDS because Germany and the U.S. have well-developed legal systems. Well, this isn't a trade agreement between Germany and the U.S. It is with the EU. Yet, Germany has insisted on ISDS clauses in agreements with 14 EU or OECD member states; and it will undoubtedly want to see it included in future agreements with other countries. If it is not included in T-TIP, German or EU negotiators will have a much more difficult time including it in future agreements. They'll get it, but not without giving up something substantial in return. The solution is not to throw out this approach, which has been evolving over several decades, but to seek to improve it and address some of the concerns that have been raised through the negotiating process. And that is indeed happening. The fact is, over the decades this approach has actually helped to establish higher global standards and strengthen arbitration procedures through clearer legal rules, enhanced safeguards, and greater transparency.

So let's talk about transparency. On the U.S. side, never before has the dialogue among stakeholders, including labor, environmental, and consumer groups, negotiators, and senior trade officials, been so candid and open. But here in Europe, there is not only mistrust of the U.S., but also of Brussels – and while the negotiations would make little progress if conducted in front of TV cameras, there has to be a middle ground between that and simply saying "Trade is good! Trust us." The good news is that the EU has implemented steps to improve transparency on this side of the Atlantic. Thousands of pages of materials are now available online.

And yet while over three million people have signed online anti-T-TIP petitions, only 1,000 have bothered to go online, to the EU website, and see what this agreement is actually all about. And rest assured, once the agreement is fully negotiated, every word, clause, and punctuation mark will be fully and thoroughly dissected and analyzed before anyone casts a single vote. So to that end, I simply ask that skeptics go online to read what is available and then wait until they see the final agreement before acting against it.

Misperceptions have also arisen concerning harmonizing different regulatory schemes. This effort would not result in a "race to the bottom," as some fear. The U.S. and the EU are the most highly regulated economies in the world; and the impression that the U.S. has lower standards in consumer and environmental protection than Europe is just plain wrong.

In some areas, European standards may be higher; but in many areas, American standards are higher – including in the areas of emissions, as we have recently seen; medical devices; pharmaceuticals, and yes, even food safety. Americans were the first to require seat belts and airbags. The fact of the matter is, however, that on either side of the Atlantic, we know that when we get behind the wheel of a car, regulators have worked closely with manufacturers to ensure that we are traveling in greater safety than ever before. Yet, a car that is perfectly safe here in Europe cannot be sold in America without making modifications to things like the tail lights, or without passing the U.S. crash test standard – and vice versa. I'll tell you one thing – the regulators on either side of the Atlantic are perfectly comfortable going on vacation in Europe, or the U.S., renting a car built to those standards, and driving their families around. So should we not reverse these non-tariff barriers to trade?

A final common misperception: Some say that T-TIP will only benefit big companies. In fact, small and medium-sized companies stand to benefit even more. Here is why: very often, a product built to high standards in the EU cannot be sold in the U.S. – and vice versa – due to minor regulatory differences. Differences which do not have any meaningful impact on safety, for instance, like the color or shape of an automobile tail light, often result in excess manufacturing costs, which get passed on to the consumer. Large firms have the resources to maintain multiple production lines or to hire armies of experts and lawyers to deal with conformity assessments and differing regulatory frameworks. Most often, smaller businesses do not. And for every small business' successful entry on the international market, there are many more for which the barriers to exporting are just too high; too complicated; too

costly. Beyond that, as more German goods are sold in the U.S. – and Americans just love that “German engineering,” all their parts suppliers, many of which are Mittelstand companies, will benefit as well.

There are other myths about T-TIP that can be addressed, but my basic point is this: We need to bring a more balanced perspective to the T-TIP debate. Ironically, this debate is taking place at a time when Western values such as rule of law, human rights, and open markets – the backbone of the “world of order” that our citizens cherish – are being challenged on many fronts. With T-TIP, we have the opportunity to reinforce those values; to be standard-setters rather than standard-takers; and to build an economic and strategic framework that can serve as the foundation for shared prosperity well into the coming century.

The commitment we share to transparency, the rule of law, and high regulatory standards has been clearly illustrated by the approaches we have taken to solving the multiple serious challenges we have faced over the past two years. Together, transatlantic partners have tackled global security challenges, promoted prosperity, and upheld international norms. The “partnership in leadership” with a reunited Germany that President George H. W. Bush foresaw on the eve of German reunification has come to pass. Germany is indeed leading through partnership – a partnership based on principles of mutual responsibility, mutual interest, and mutual respect. It plays a critical role both within Europe and throughout the world; and without question, it is one of America’s strongest allies. Foreign Minister Steinmeier has described Germany’s role as Europe’s “chief facilitating officer.” I often describe German as our “indispensable” partner.

And I am certain that the strength of our ties will help us address the serious challenges of the 21<sup>st</sup> century. In the end, whether we are able to live up to our ideals comes down to us – and the choices we make in confronting these challenges together.

