

Brussels Forum

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A Conversation with Michael Froman and Cecilia Malmström

And with that, I will hand the floor over to Bruce Stokes, our moderator, who will be moderating discussion on trade with the U.S. Trade Representative and the European Union Commissioner.

Mr. Bruce Stokes: Thanks, Karen. And I'd like to welcome all of you. My name is Bruce Stokes of the Pew Research Center, and we're very pleased and honored to have with us Cecelia Malmstrom, who's the EU Commissioner for Trade, and Michael Froman, who is the U.S. TR. They spent about six or so hours today talking with each other. So we're very pleased that they've chosen the Brussels Forum to announce that they've completed TTIP. And everything is--we only wish that that could be the case, unfortunately.

This is obviously the single most important transatlantic economic initiative since the Marshall Plan. It is terribly, terribly important for economic and strategic reasons. And we'll get into some of that. The challenge, though, is that in America, while our surveys at Pew Research Center show that by 2-1, Americans think that this is a good idea, frankly, 1/3 of the public has no opinion. They haven't heard about it. So it really is not an issue of much discussion in the United States.

Europe, it's a slightly different situation, is in fact, a topic of great discussion in Europe. The Orbrometer survey late last year showed that a majority of Europeans support it and in fact, countries representing a majority of the European population support it. The majority of the GDP support it. The problem is that less than half the population in Austria, Luxemburg, and most importantly, Germany, don't support it so it is a controversial issue. Friends of mine in European Parliament tell me, supporters of TTIP, that they don't think they have the votes in European Parliament today to pass TTIP. No. Thank goodness they're for TTIP. There's not going to be a vote today on this, but it is a sign of the political struggle.

And in the United States, the political issue is that we first have to have a vote on fast track or trade promotion authority before we can consider any trade agreement. Then we will hopefully have a vote on the Trans-Pacific partnership, assuming we can get it done. And that then raises questions about ordering and when we get to TTIP. But first of all, we have to have a TTIP agreement, and that's what Mike Froman and Cecelia Malmstrom are going to be talking about today.

If I could possibly ask a question for both of you, and we'll get to the audience about halfway through this because we want to hear from you on these issues. You both announced what you called a fresh start to these talks a couple

months ago. I'm curious what in the world does a fresh start mean, and I put that in the context of it appears that the target date for completion keeps slipping, at least to the perception of outsiders, that right now we're, more or less, talking about having an agreement, maybe in principle, by the end of the year. But then, we know agreements and principle mean that you still have details to resolve, and that means we're slipping into next year.

Then we run into the American presidential campaigns and the fact that Congress isn't in session much of next year. It gets--and it looks increasingly like, to an outside observer, that at best, we could have a vote in the United States in 2017. And I would assume that the European Parliament's not going to move any faster than the U.S. Congress, simply because why would they?

So I think the question I guess is what does that fresh start mean to both of you?

Ms. Cecelia Malmstrom: Well, it means many things. For us, it meant--in the European Union, it meant engaging with the citizens in a totally new way because now we were entering to the real negotiations. It meant a lot more transparency at putting the mandate, but also many of our negotiating documents online. Engaging with the stakeholders, citizen groups, both in the different countries, but also in Brussels, trying to live up to that that you refer to in the beginning, that there is a lot of controversy. But showing that there is--there's no

secret agenda here. We want to engage. We want to listen. We want to be transparent. We want to answer the questions. We want to dispel the myths.

And then, also on the fresh start in (inaudible) when it comes to negotiation is that there is always a start of, you know, laying out technicalities on the table, getting to know each other, putting the different positions there. Now we are moving, slowly, because it is difficult. We're not there for tomorrow. But there's a firm determination and we both showed that today.

We are moving into more political phase where we hopefully soon can really get into the real tough negotiations as well.

Mr. Bruce Stokes: Mike, what does it mean to you?

Mr. Michael Froman: Well, look, I agree with Cecelia. This is an opportunity now to look at the whole array of issues on the table, whether it's the traditional trade issues, like market access, but also the issues that only the U.S. and EU can really work on together, like looking to see if there are ways of bridging our divergences and our regulatory or our standard regimes without lowering the level of environmental health or safety protection. And we're now at that point in the negotiation where the rubber meets the road and where we're able to lay out a good framework for moving forward.

I think today we made some good tangible progress on a whole array of areas, including services where we have an agreement to table a new offer down

the road in a couple more rounds. We also, I think, will be issuing a statement soon on public services, to clarify what the relationship is between TTIP and public services and that we're not looking to privatize and we're not looking to constrain government's ability to operate public services.

So I think today has been very productive and we're looking forward to continuing that.

Mr. Bruce Stokes: Now, one of the key issues in this negotiation is how we have comparable regulations, which have been the non-tariff trade barriers that, now that tariffs are lower and lower, have been the real inhibitors of trade.

This has led to concern and criticism that, despite what you said, Mike, about this not being a race to the bottom, but people say, well, it's going to be controlled by corporations and we don't trust government and somehow the standards are going to get lowered. And the reality is our surveys showed that in Europe this is--especially in places like Germany and Austria, this is a huge problem. People do believe that their standards are better and that American standards will bring them down. By the same token, our survey showed that 57% of Americans don't trust GMOs. So it's not as if the American public, on some of these key issues between Europe, are necessarily with the U.S. government.

So I guess my question is, how do we address this issue of bringing standards together with--when we're also seem to be adverse to saying, well,

actually we're going to raise standards, you know. This is going to be a race to the top, not a race to the bottom. And how do we--I don't hear that from either one--either side that it's going to be a race to the top. So how do we convince a skeptical public that their kids will be safer when this deal is done?

Ms. Cecelia Malmstrom: Well, this is what is so unique with TTIP, that we are, as Mike said, talking about the traditional trade issues. They're important. But this regulatory is becoming more and more important, also, globally. And there are so many issues on the table, when we come to different technical standards and so on, where actually we have compatible standards. They are safe for our consumers, according to all objectivity and research. But they're slightly different.

So if we can agree with some of our current standards, of course not all, but identify some areas in some key sectors where we recognize each other's standards, so we don't have to duplicate, we don't have to do tests twice. We don't have to go through the process twice because they are equally right. And if we also set in motion a process where we in future standards, in new technology, it could be electric cars or nanotechnology or who knows, where we sit together with our regulators, who are really good and experienced, identifying the challenges, working together, of course, giving the decision to the elected representatives, but giving advice on futures standards, they could then be globally leading, and that's a

really important task. And they will then be high, top of the top. That's at least the ambition.

So we--talking about existing standards and we are seeing how far we can get. We have made a lot of progress, but also a process for future standards and there, absolutely, the goal is to have the highest standards possible.

Mr. Michael Froman: And this is particularly important for small, medium-sized businesses because a large company can run two or three different production lines. It can try and meet EU standards here and U.S. standards over here. But for a small, medium-sized businesses, these differences in testing procedures and certification procedures, the fact that they can't test in one country and then ship to the other, but they have to test in both, these add real costs and make it more difficult for them to engage in international commerce. And we know that small, medium-sized businesses are the drivers of job creation in both our economies. And that's why there's a particular focus on figuring out how to address some of those frictions without compromising the level of protection that our publics have come to expect.

Mr. Bruce Stokes: One of the issues that links into this question of regulation and health and safety and so forth is the question of these investor-state dispute settlement panels. For those of you who don't follow these things closely, and there's no reason why you should, almost all investment agreements in the

world have a dispute resolution mechanism in them called investor-state dispute settlement panels. There are something like 1,300 of them.

Ms. Cecilia Malmstrom: Only in Europe. There's 3,000 globally, yeah.

Mr. Michael Froman: More than 3,000 of them.

Mr. Bruce Stokes: More than 3,000 worldwide. By the way, the Europeans are the greatest users of these, not the Americans. But anyway, that's--

Ms. Cecilia Malmstrom: And the inventors. The Germans invented--yeah.

Mr. Bruce Stokes: And the Germans invented it. Now, the reality is, these are in there, frankly--

Mr. Michael Froman: She said it, not me.

Mr. Bruce Stokes: Yes, right. Exactly. The inventors--these are in there--yes, in the words of a former deputy USTR years ago, because I don't trust the Mexican courts. And I had a Swedish CEO say to me in a public panel in Sweden last year, I'm not going to trust the future of my company to an Alabama court. These are because even though we say we have our own domestic court systems, court systems tend to vary from country to country. So we have these dispute settlement mechanisms in there. They have become an issue of huge controversy, especially in Europe. They are seen as a mechanism by which corporations can undermine domestic regulation, domestic regulatory sovereignty. Cecilia Malmstrom, you have issued some thoughts about how to fix these panels to address some of these

problems. I'm curious if you could talk a little bit about that. And Mike, maybe you can talk about why we think they are important for us. But maybe Cecilia, you can start first.

Ms. Cecilia Malmstrom: Yes. Those mechanisms or ISDS, has become one of the most contested acronyms in Brussels. If you Google it, you will see that you find--you go to the website of international sheepherder dog society. But that's not what we're talking about here. And it's actually--it has become very controversial, despite the fact that they have existed since the '50s and we all have them. And I think there is a general agreement that companies who invest maybe millions, sometimes even more, in a country, needs to have some sort of protection.

Of course, most of that protection goes via the normal legal system, but international agreements do not become national law automatically. So there can be cases where there are issues, mainly they can sound technical, but they are related to investment. It can be confiscation, nationalization, expropriation or changing of licenses. That will affect that company very, very negatively. And of course, the normal way should be the national courts. But if that is not possible, these have been set up. So that's quite, you know, that's not contested, per se.

But they have developed during the decades and there has been interpretation that leaves open for possible misuse or abuse by companies. So we started long ago and so did the U.S., but I'll let Mike talk about that, we started in

the Canadian agreement, or my predecessor, to perform these processes, to make them much more limited in scope, much more transparent, open, and to see that these are really there for these issues and they will not interfere in the states' right to regulate, to protect their citizens. That was a very important step forward.

We are now looking, can we build upon that and do even more? Because this is a very strong demand from most member states and the European Parliament as well. So we're looking at can we do more when it comes to even more clarifying the scope? See if the people who are in these--arbitrators, if we can choose them for a pool of qualified judges that is pre-known in order to increase the legitimacy? Can we work towards an appeal mechanism? Because that doesn't exist. Can we maybe see if we can also work towards long-term goals, setting up a permanent global system of this? These are some ideas that we are discussing with member states, the European Parliament. But we haven't come up with a proposal yet.

Mr. Bruce Stokes: I was going to say, can you--how assured are you think this will work? Because it does seem to me it's almost become this sacrificial lamb, that people say, we want to get rid of ISDS, full stop. Fiddling with it is not going to be sufficient. I mean, do you have any feel yet of how resonant your argument is?

Ms. Cecilia Malmstrom: Well, there are some people who wouldn't--who don't like ISDS, but they don't like TTIP either. So these people, obviously, we

cannot convince. But if you look at the mandates that I have been given unanimously by 28 member countries, it's in there, that it should be ISDS clauses. So we have to find a way if we can reform this. We are discussing with others. We will, of course, see what we can do in our different trade agreements. But there seems to be a need to reform them.

Mr. Bruce Stokes: Mike, the U.S. business community is pretty firm. They want ISDS in there. I mean, are the--

Ms. Cecilia Malmstrom: And the European business community is very firm on this as well.

Mr. Bruce Stokes: Do you think we're willing to at least see some reform of this process?

Mr. Michael Froman: Well, we come to this really with two principles in mind. First and foremost, neither the U.S., and I'm sure the same is true of the EU, want to do anything that compromises the ability of our governments to regulate in the public interest--the health, safety and the environment. And historically, we've come to this because our view has been that, as Americans do business abroad, we'd like to ensure that they have the same kind of protections that we provide both Americans and foreigners in the U.S. under our Constitution, including the Fifth Amendment, the Takings Clause and everything that flows there from.

And so we, as Cecilia said, for years now--and we went through a public process for three years of public consultations, hearings, public comments, consultations with Congress--we have been working to upgrade and reform ISDS. A lot of the concerns that people raise about ISDS, we share some of those concerns in various instances. But we can raise the standard, make it absolutely clear that governments can regulate in the public interest. We can add safeguards, including some of the ones that Cecilia mentioned about transparency, making sure that labor unions and civil society organizations can participate in these cases, can file briefs, that there's total transparency into the cases themselves, making sure that the standards are defined narrowly, making sure that if people bring harassment cases, they can be dismissed, that attorney's fees can be awarded, allowing the governments to come together and give direction to the arbitral tribunal of how to come out.

We can close loopholes that we have seen used or abused under other countries' ISDS provisions. And I think together we can work to make sure, just like in every other part of TTIP, that this is a high-standard agreement that puts out the best possible outcomes consistent with our values.

Mr. Bruce Stokes: Let me ask you a question, Mike. What I hear when I talk to Europeans and, frankly, people in Tokyo and other places, is when is the administration and when are the Congress going to come together on the issue of

fast-track or what's called Trade Promotion Authority for those of you who aren't trade wonks in the U.S. system? Under the Constitution, Congress gets the right to amend any piece of legislation in front of it. That probably wouldn't work very well with trade agreements because our trading partners would not find that conducive.

So since about 1972 or so, we have basically had a situation where Congress foregoes its right to amend trade legislation. We'll just have a simple up or down vote. But it's not permanent. It has to be renewed periodically. And right now, the administration does not have the right of fast-track. It has to ask for it. We've been told that it's going to be introduced and we're going to have a debate and a vote on it for several months now. Can you give us a sense of what the status is of fast-track, when might we begin to see consultation and, well, consultation, but hearings in the Congress and a vote?

Mr. Michael Froman: Sure. Well, first of all, Trade Promotion Authority by some measure or another actually goes back to 1934 when the New Deal Congress delegated to FDR the power to go and negotiate tariff reduction agreements without even bringing them back to Congress. Since 1974, every Democratic and Republican president has worked with every Congress to have this authority by which Congress tells the Executive what its negotiating objectives are. Congress tells the Executive how to work with Congress before and during the negotiation,

consultations and transparency. And then Congress, as part of this compact, agrees to vote yes or no on the agreement that's ultimately brought back within a defined period of time.

One great misnomer of fast-track is that it's not fast. We have a requirement under previous grants to give 90 days' notice before we sign an agreement. Then there's a period of analysis and then Congress has up to 90 legislative days, which in our system is like dog years, to actually act. So there is plenty of time for it to be out there in the public to be scrutinized and analyzed. We have been working with Chairman Hatch and Senator Wyden of the Senate Finance Committees have been working to develop legislation that can have bipartisan support and has been working with colleagues in the House as well. And we're encouraging that process. And we hope it moves forward as quickly as possible.

Mr. Bruce Stokes: But it is true, we can't move on Trans-Pacific Partnership or TTIP until you get fast-track, right?

Mr. Michael Froman: But we're--in parallel to the work on Trade Promotion Authority, we are continue to negotiate the Trans-Pacific Partnership. We are very much in the end-game of that. We're closing out issues and we're narrowing the remaining differences. And throughout this process, we work hand in glove with Congress.

You know, there's no area of policy where there's more collaboration between the Congress and the Executive than trade policy. With TPP, we've had more than 1,700 briefings with Congress, just on TPP. TTIP, several hundred. And every proposal we've put on the table, before we share it with the EU, it goes to our committees of jurisdiction in the House and the Senate and we get their feedback, we get their input. Every member of Congress can see the text of the agreement. We go and we sit down with them and walk through it with our negotiators to answer questions. So we work hand in glove throughout this process to make sure that when we negotiate, there's no surprises at the backend and that we have their input throughout.

Mr. Bruce Stokes: I might share with the audience, I was at a luncheon on Wednesday with the head of the AFLCIO, which is the umbrella union organization in the United States, and he said in public that he--he didn't endorse TTIP, but he basically said he thought that was something they could work with. And now, he had some things he wanted in it, which he probably can't get. But anyway, there were--it was interesting that he was not opposed to TTIP the way he was TTP. So it does seem to me there are--there's a potential here for something to be done that may be less controversial around TTIP than around TTP.

I can't let you go without--and go to the audience, until we ask a question about the strategic implications of TTIP. We've had two sessions really about

Ukraine and Russia. Clearly, folks in Moscow are watching your negotiation. Frankly, if I were in Moscow and if Brussels and Washington can't get their act together on a simple free-trade agreement, I would draw some conclusions from that. But I'm curious to get your sense of the strategic dimension of this negotiation. And why doesn't that animate us to get it done?

Ms. Cecilia Malmstrom: Well, you answered the question why it's strategically important. I don't think Putin likes TTIP. Well, it is strategically important. First of all, it's, of course, important for the content and the economic benefits and also the regulatory. But this--

Mr. Bruce Stokes: But why doesn't that get us--why doesn't it light a fire under both of you and your respective teams to get this done sooner?

Ms. Cecilia Malmstrom: Well, we are working as fast as we can. But it's complicated, as I think the Foreign Minister said. If it were easy, we would have done it years ago. It is complicated and we need to get it right. You need to get your Congress behind you. I need to get quite a lot of other stakeholders behind us. But it is important strategically because as the world is developing, the relative voice of Europe and the U.S. is of course shrinking. And we have our differences. But Europe and U.S. shares so much together, so many values, our strong belief in democracy, human rights, rule of law, good governance, high standards to protect our people. And if we can come together and show those values in concrete action

via TTIP, because we also have a lot of ambition when it comes to rule setting and so on to sustain the development on these issues, I think we can strengthen our position in the world. Because some of these values, or many of them are not taken for granted among other partners. So it is a very much strategic (inaudible).

Mr. Bruce Stokes: Could I ask you a follow up on this, though? I mean, our polling shows, and the president in his State of the Union address this year said we want to set the rules for the 21st century of commerce and not have the Chinese set them. Our polling suggests that--I'm sure this was in there because they have their own polling that shows this resonates with the American people. We're concerned about China. We want our guys to set the rules, not somebody else. It's not at all clear that's a very resonant argument with Europeans. Why do you think that is?

Ms. Cecilia Malmstrom: I think it depends. For some Europeans, this is very obvious. I spent day and night talking about this issue in different events, meeting a lot of different people. I mean, some areas, this is really something that people, you know, take very seriously. Other areas, maybe this is less important. So I think it varies (inaudible) very different countries. We can see that on debates on other issues, that we're not always enlightened.

Mr. Bruce Stokes: Yeah.

Ms. Cecilia Malmstrom: But it is a very important agreement. And also, if we fail, we send a very bad signal to the world that we were not able to agree.

Mr. Michael Froman: Yeah, I agree with Cecilia completely and I think, you know, it's important. These trade agreements are not directed against any country, but they are directed towards raising the standards, translating our values into high standards, rules, around the world, whether it's on the protection of workers, the protection of the environment, the promotion of innovation, putting disciplines around state-owned enterprises so that they compete fairly with private firms, ensuring that the digital economy works for small and medium-sizes business. These are all important values, that it's important that we come together and not only agree amongst ourselves but one key part of TTIP is that we want to work together, vis-à-vis other countries and other forums to help promote these values and these standards elsewhere.

Mr. Bruce Stokes: Okay. This is a great way to start. We're going to go to the audience for some questions. If you could identify yourself and please ask a question, not make a speech. I'll start right here.

Ms. Cindy Miller: Hi. Cindy Miller with UPS here in Europe. And UPS has been in business for--thank you. Cindy Miller with UPS here in Europe. UPS has been in business for 100 years and the most telling tale of those 100 years is how much international trade has lifted countries, nations, local economies up from poverty. And the story goes on and on and on, and it's been repeated for the last 100 years.

Now, we're situation and I appreciated the discussion earlier about the fresh-
-I think you said the fresh start. In this fresh start, you talked about SMEs and
we've seen the small family-owned business grow to global companies. Maybe not
mammoth, but at least doing trade outside of their borders as a result of
international trade. Two questions. What do you think needs to be done differently
in this fresh start to really rouse the small and medium business owners here in
Europe? Because our own internal polls of a couple hundred of them, there still is
not necessarily the understanding of TTIP, so that's number one. What should be
done differently? And then secondly, with that done, how do we tell that tale of
that lifting, that tide of international trade lifting, you know, raising everybody's
boat? How does that tale get told differently? So just those points, thank you.

Mr. Bruce Stokes: Great questions.

Mr. Michael Froman: Well, I agree completely. I mean, from the U.S.
perspective, of the 300,000 firms that export from the U.S., 98 percent are small
and medium-sized businesses. And yet, only a fraction of small-medium-size
businesses export and those that do, tend to export to only one country. So we see
this as a huge area of potential, to help small and medium-sized business engage in
the global economy. And the kinds of issues that we've heard from them and that
we're working on in our various trade agreements, include trade facilitation and
customs harmonization. Making things easier at the border, just the difficulties of

navigating so many different rules and procedures is a big deterrent to engage in international trade. E-commerce. You know, when I sit down with the sellers on Etsy--Etsy is a platform in the U.S. where largely women sell goods all over the world. When they sell goods all over the world, they're using computer services, telecommunication services, software services, electronic payment services and express delivery services. And those are all the kinds of services we want to make sure we're promoting through our trade agreements. Keeping those markets open so that our providers can help those small business engage in those efforts.

And so we try and look, in a concerted way, across the trade agreements. And everywhere I go in the United States, whether it's Jet Incorporated in Cleveland or Atlas Devices in Boston or Concord Supply in San Antonio, these are all small and medium-sized businesses, all of whom have said TTIP is important to them because they see either regulations or standards or other barriers that they'd like to see us to address in the negotiations.

Mr. Bruce Stokes: But, you see, how do you make this sexy when the opponents are saying, no, this is really about chlorinated chickens and, you know, forcing our kids to eat GMOs and we don't want--I mean, the opponents have a very visceral argument to make. This is terribly important. We can accept--like you said, it's terribly important economically, and eyes glaze over when you talk about it. So, I mean, how do you make this a political argument?

Mr. Michael Froman: I'm deeply offended, Bruce. Not surprised.

Ms. Cecilia Malmstrom: Obviously, we have a handicap for there because what we are talking about here, you made the point and you made some examples, and we can all make lots of examples of every-day small and medium-sized companies struggling and wanting to have more access. And what it would mean with tariffs, because they're still important for small companies, but especially regulatory. And that is difficult to be as sexy as chlorinated chicken and whatever you want.

But that's why it's so important to work with these companies and to make sure that their story is told, as well. Because people can relate to that local family company in my community, in my city. And we are trying to gather, from our part, live examples, existing companies who tell their story. Why would TTIP be good for them? What are their expectations? What would that mean when it comes to more investments and more jobs, and gathering them on our website for everybody to read and helping them to engage with the public.

Mr. Bruce Stokes: Let me go to the audience here because we have a member of the European Parliament here. And what are you hearing from your folks? I mean, are the small and medium-size businesses in your district standing up for TTIP? Or what I hear from my German friends is that, in-fact, even in BDI,

there's debate among the big companies and the little companies about these kind of things. Identify yourself first, if you could, yes.

Mr. Alexander Graf Lambsdorff: I am--yes. I'm Alex Lambsdorff, a member of the European Parliament, member of the trade committee. And your question's just right. In BDI, the Federation of German Industry, by in large, people are very much in favor. Our association of small and medium-size enterprises in Germany, because of ISDS, right now, is still opposed to TTIP. As strange as it may seem.

My question, however, is--and I want to ask a question, not make a speech. We are always discussing this at the aggregate level, 300,000 SMEs who export, expected benefits, et cetera. The arguments that I hear, and I'm in TTIP events nearly every day, are not aggregate. They are individual. The chicken on my plate, chlorinated, it's poisonous. Lipstick and mascara from the United States, poisonous.

Mr. Bruce Stokes: I never wear it, as a result.

Mr. Alexander Graf Lambsdorff: I wasn't going to turn to you for that particular example. But it is--we need to make the case at the individual level. Where--and that's my question to the two of you, where can we give examples of individual, specific benefit for the user? I mean, one example I use, coming from Germany, is that Americans would be much better off if they could have access to

German bread, as those of you who know American bread, know. And that's an example that resonates.

Mr. Bruce Stokes: It's the best bread in the world. I'll admit that, yes.

Mr. Alexander Graf Lambsdorff: That's an example that resonates at some level. But we need to make that argument on the other side, as well. What does the individual citizen can expect, not on the aggregate level but on an individual level, if TTIP comes? Of course, we can make the points that chlorinated chickens are not going to come and GMO and bovine growth hormone, all these things are not going to come to Europe. But these are defensive arguments. And I want to be able to be on the offensive, to tell these SMEs, to tell my citizens my vote is, yes, there is going to be specific benefit for you in this.

Mr. Bruce Stokes: I can tell you, an American Union guy said to me recently, he was amazed that the proponents didn't have the anecdotes, the opponents did.

Mr. Alexander Graf Lambsdorff: Indeed.

Mr. Bruce Stokes: Yeah, yeah.

Mr. Alexander Graf Lambsdorff: Anecdotes, please.

Mr. Bruce Stokes: He also said, look, they don't even have to be true.

Mr. Alexander Graf Lambsdorff: Bruce, this is an important point. If you look at these posters over there, unfair handlebar, these are made by attack and

they are on the record as having said that it doesn't really matter to them that much whether their arguments are true or not, as long as they are effective. And I don't want to work with things that are not true, but I need things that are effective and true.

Mr. Bruce Stokes: Yeah, yeah.

Ms. Cecilia Malmstrom: Well, that's I made the case about small and medium-sized companies. We are gathering concrete examples from villages and cities all over Europe that people will know about. You can all read about them. We have hundreds of them on our website and they will relate to people we know, that if that company could export a little bit more, it could be German bread or Spanish artichokes or whatever, or muscles and oysters from Brussels. That could actually mean more jobs for our community. It will also mean more diverse things in the shop, cheaper clothes, more choices when it comes to technology, and issues where there are tariffs today.

We have to identify this. We are working on this. But it's difficult because our trade notes tend to want to stick to facts and not lies, yeah.

Mr. Bruce Stokes: Let me go to the audience again, if I could. Let's get a perspective from Japan here. And introduce yourself, yeah.

Ms. Yoriko Kawaguchi: My name is Yoriko Kawaguchi from Japan. I am not really--my question was on something else, if it's okay.

Mr. Bruce Stokes: Okay, yeah, yeah, okay, yeah.

Ms. Yoriko Kawaguchi: Okay. I would like to compare the two treaties, TTIP and TPP. And for the enhanced prosperity of the international community, I think it is very important that these two agreements are similar in standards, in coverage and other things. Now, the U.S. is negotiating both, so to what extent, in your mind, these similarity is on your mind when you are negotiating, and to what extent that is realized or being realized? And the same similar question to you, to what extent you have that on your mind?

Mr. Bruce Stokes: How about that?

Mr. Michael Froman: Well, I think while the relationship with the EU is different than our relationship with Malaysia or Vietnam, we certainly go into this negotiation trying to achieve high standards and as consistent as possible across the board. And there'll be some issues where we don't really have to talk because we have total agreement on something, and there are other issues where I think working together, we can try and define these high standards.

You know, and we both have many FTAs in our background and our countries have negotiated many FTAs. And so we can look at each other's FTAs and see where we've taken similar approaches and different approaches to issues and try and bridge those differences. So I think you are right that ultimately, our goal is to have a fairly consistent approach, consistent with our own discussion, so

that together, we are helping to contribute also to the multilateral system, as they take up additional issues, as well.

Both of these are intended to be open platforms, ultimately, where other countries--for example, in TPP, there are 12 countries right now representing about 40 percent of the global economy. But there's several more countries who've indicated that they'd like to join when the 12 of us are finished. And again, the goal is to set the standards high and then to help encourage other countries to lift their game accordingly.

Mr. Bruce Stokes: Let's go here for--we only have time for a couple more questions.

Mr. Daniel Runde: I'm Dan Runde. I'm at CSIS. I want to ask both of you about an agreement that you mentioned, Ambassador Froman, about trade facilitation. Could you both talk about the Bali trade facilitation agreement and what each of your--in the case of the United States and the case of the European Union, how you're implementing the trade facilitation agreement, which has actually been signed?

Mr. Bruce Stokes: For the audience, this is an agreement struck at the WTO to try to improve customs procedures and things of that nature. Frankly, it's something that probably should've been done decades ago and it took forever to

agree. So maybe you could talk to us a little bit, briefly, very briefly, about what's happening about that.

Ms. Cecilia Malmstrom: Well, that's very important and the breakthrough just before Christmas in WTO is positive. On the Trade for Facilitation Agreement, we are doing our utmost to encourage everybody to ratify it. We have started the processes internally in the European Union. We sent it to the Parliament and so on, so we are working with it. It will take some time, probably by the summer or beginning of autumn to have it fully ratified and we are trying to assist, if we can, other members, as well. And hopefully, this will contribute to--there is a positive dynamism in the WTO now, so hopefully, we can also achieve--conclude the (inaudible). It would be great.

Mr. Michael Froman: We've deposited our instrument of ratification in January and we are working with other countries, specifically developing countries, to encourage them to move forward in their own approval processes, with the goal of reaching--I think it's two-thirds of the WTO members that need to ratify in order to come into being, ideally by the end of the year. And we're working to provide capacity building and other forms of assistance that help countries get there.

Mr. Bruce Stokes: One final question. Right here.

Ms. Theresa Fallon: Hello, Theresa Fallon, European Institute of Asian Studies. If I may follow up on that earlier question. Many people here in Europe wonder why TPP went further and faster than TTIP. So I'm wondering about the strategy, why you chose TPP, because it's very different economies, very different cultures, where as E.U.- U.S. relations are a little more similar economies. What was the strategy of doing TPP first? And seeing how things have turned out, would it perhaps have been better to do TTIP first and then use that to move through TPP? Thank you.

Mr. Bruce Stokes: And if I could ask a follow-up for Cecilia. I've talked to members of the European Parliament. They tell me they get hundreds, if not thousands of emails about TTIP. They have yet to get a single email about your free trade negotiation with Japan. So I'd be curious to get why is it the European population doesn't seem to care that you're doing a free trade agreement with Japan.

Ms. Cecilia Malmstrom: It's a great agreement. We are halfway through and we're working very close with our Japanese partners.

Mr. Bruce Stokes: I'm not saying it's a bad agreement. I'm telling you nobody's paying attention.

Ms. Cecilia Malmstrom: So we're happy to engage with any European parliamentarian to explain the details of this at any time.

Mr. Bruce Stokes: Great. But it's the public that's not paying attention. That's what I'm saying. Anyway.

Ms. Cecilia Malmstrom: Here we come, huh.

Mr. Michael Froman: I think TPP is much longer in development than TTP is so we've only been negotiating TTP really for about a year and a half wherein TPP it's upwards--it's almost five years that this has been underway. And that's why it's so much further along and so much closer to completion. And there wasn't a concerted effort to pick one or the other, but we engaged very much--we are an Asia Pacific power. We have a strategy towards rebalancing towards Asia and TPP is a critical component of our rebalancing strategy towards Asia. And we've worked very well and very hard with these 11 other countries. It started with four other countries and now it's seven other countries--excuse me, 11 other countries--to really break new ground in a whole series of areas. And it's been quite a positive experience. So we're looking forward to completing that and then completing TTP as soon as we possibly can.

Mr. Bruce Stokes: And for those of you who don't know, Prime Minister Abe is supposedly coming to the United States. I say, supposedly, it's the biggest hidden secret in modern history, I guess. And we'll see if that's an action forcing event to get a deal between the U.S. and Japan, which was a fore-taste of a TPP deal.

Thank you very much. I want to thank our panelists. I think we had a great, active discussion. I wish we could spend more time on this, but we're now on to the palace. Thank you.