



ASSOCIATION OF GERMAN
CHAMBERS OF INDUSTRY
AND COMMERCE

REPRESENTATIVE OF GERMAN INDUSTRY & TRADE

DELEGIERTER DER DEUTSCHEN WIRTSCHAFT



FEDERATION OF GERMAN
INDUSTRIES

February 7, 2012

Office of the United States Trade Representative
Attn.: Mr. Daniel Mullaney, Assistant USTR for Europe and the Middle East
600 17th Street, NW
Washington, DC 20508

Re **Docket USTR-2012-0001**: U.S.-EU High Level Working Group on Jobs and Growth, Request for Comments (Federal Register Vol. 77 No. 7, Wednesday, January 11, 2012)

Dear Mr. Mullaney:

The following comment is submitted by the Representative of German Industry and Trade (RGIT) in response to the above-referenced official solicitation regarding stakeholder comments. RGIT is the Washington, DC liaison office of Germany's largest trade and industry associations, the Association of German Chambers of Industry and Commerce (Deutscher Industrie- und Handelskammertag, DIHK) and the Federation of German Industries (BDI). RGIT works closely with the German-American Chambers of Commerce located in New York, Atlanta and Chicago (GACCs). Founded in 1988, RGIT's mission is to foster free trade and a welcoming business environment on both sides of the Atlantic to achieve sustainable growth, jobs and innovation for companies involved in German-American economic relations.

RGIT is supported by Germany's Federal Ministry of Economics and Technology (BMWi) and serves as the voice of German Industry and Trade on behalf of RGIT's principals. This comment is submitted on behalf of the DIHK, the BDI and the GACCs. The DIHK represents the 80 German Chambers of Industry and Commerce (IHKs) and their 3.6 million member companies. The BDI speaks for 37 sector associations, 15 regional offices, and approx. 100.000 companies with a total workforce of about 8 million people. The GACCs represent 2,500 member companies – either German subsidiaries or American businesses with close ties to Germany.

RGIT, DIHK, BDI and the GACCs have been strong supporters of the Transatlantic Economic Council (TEC) since its creation at the 2007 EU-U.S. Summit in Washington, DC. Especially with respect to the reduction of non-tariff barriers (NTBs) we consider the TEC to be an extremely important institution. Nevertheless, we can do much more to facilitate bilateral trade in goods and services, investment, regulatory cooperation, government procurement and intellectual property rights protection.

1. The Significance of Transatlantic Investment and Trade

German industry is the 4th largest source of foreign direct investment (FDI) in the U.S.: Investment volume by German businesses in the U.S. market reached \$ 213 billion by the end of 2010. More than 3,400 German companies of all sizes are active here. Combined, the U.S. subsidiaries of German companies directly employ about 570,000 American workers.

A recent survey conducted by the RGIT and the GACCs of German firms operating in the U.S. revealed that 2011 was an extremely successful year for German businesses in the U.S. 86 % of German subsidiaries expect moderate to strong growth for their operations in 2012, including 67 % that plan to create additional jobs. This information is presented in greater detail in our jointly-produced publication, the *German American Business Outlook 2011-2012*, which is available at www.ahk-usa.com/gabo.

The transatlantic commercial relationship is by far the largest in the world, with the U.S. and the EU surpassing \$ 4.3 trillion in trade, investment and sales by foreign affiliates of companies in one another's markets. U.S. companies have invested over \$ 1 trillion in the EU. In Ireland alone, the stock of U.S. FDI totaled \$ 165 billion at the end of 2009 — more than the U.S. direct investment for China, India, Russia, and Brazil combined. EU investment in the U.S. supported 3.6 million jobs in 2008.

2. RGIT's general view on Transatlantic Investment and Trade

RGIT welcomes the outcomes of the U.S.-EU summit of November 28, 2011 as well as the results of the Transatlantic Economic Council meeting on November 29, 2011 in Washington, DC. We greatly appreciate the implementation of the High Level Working Group on Jobs and Growth (Working Group), and herewith offer to contribute to the success of the Working Group in any way that the organizers deem acceptable.

Initiatives such as the recent U.S. Chamber of Commerce proposal for a "Transatlantic Economic and Trade Pact" are an interesting baseline for further liberalization in the transatlantic market. Nevertheless, options for a wider Transatlantic Partnership Agreement should be considered. The High Level Working Group should therefore concentrate on standards and regulations, tariffs, non-tariff barriers (NTBs), investments and services as well as public procurement.

Of chief concern to RGIT is how greater regulatory cooperation between the U.S. and the EU can be brought about, so as to enhance transatlantic commerce and investment by eliminating or reducing divergent regulations and standards, and by identifying emerging or high-growth sectors that may benefit from timely transatlantic regulatory cooperation which then will be able to create jobs.

In view of RGIT's general mission to foster free trade we wish to underscore the fact that the first and best way to open markets worldwide is the multilateral approach at the level of the WTO. Therefore, there is an urgent need to find a way out of the present deadlock in the Doha-Negotiations. The EU and the U.S. carry great responsibility within the WTO, and therefore it is crucial in relation to the transatlantic dialogue to further tackle the question on how to achieve liberalization on a multilateral level. The WTO is indispensable to secure free trade, for example with its multilateral trade rules and its strong dispute settlement mechanism.

3. Suggestions for the Working Group on Jobs and Growth

The new Working Group should concentrate its efforts on measures to:

- Eliminate all tariffs on transatlantic trade
- Reduce non-tariff barriers
- Enhance regulatory cooperation
- Reduce barriers to investment and services

- Further open government procurement markets on both sides of the Atlantic
- Achieve improved protection of intellectual property rights (IPR)
- Facilitate posting of workers for multinational companies.

This recommendation is based upon numerous discussions RGIT engaged in with stakeholders including RGIT's principals and the GACCs and their respective members.

Within the Working Group, sub-groups should be established in order to tackle the foregoing seven points. It is important that the analyses of the sub-groups also take into account the feasibility and the time frame for the implementation of the instruments considered.

4. Conclusion

To sum it up, RGIT calls for a deep and comprehensive bilateral initiative. All relevant areas including tariffs, non-tariff barriers, services, investment, public procurement IPR and human resources should be covered. The first priority should be the harmonization of standards and regulations. The work of the TEC in this field is very important and RGIT pleads for a strengthening of the TEC. The TEC should not dissolve within a new initiative nor should its activity be blocked in the case of the start of negotiations on other areas within a partnership agreement of any kind.

RGIT received considerable feedback from stakeholders in the form of responses to an informal request for business feedback conducted in the past two weeks by the DIHK and GACCs. In the course of this inquiry, businesses in both the U.S. and Germany were queried on recent problems and issues that directly impacted their ability to operate freely in the transatlantic environment (annex 1).

On June 2, 2011, RGIT, on behalf of the BDI and the GACCs submitted the attached comments on regulatory cooperation to the Department of Commerce. We would be grateful if you would take these earlier contributions into account again in view of the above (annex 2).

German industry will actively support the progress of the working group and will submit input. This office appreciates your consideration of its public comment and would be pleased to answer any questions that you may have.

Sincerely,



Dr. Thomas Zielke
RGIT President and CEO

Annex 1: Feedback of German Companies in Germany and the U.S.

Annex 2: Comments on regulatory cooperation to the Department of Commerce as of June 2, 2011