

Remarks by Ambassador Michael Froman at the University of Warsaw

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As Prepared for Delivery

Thank you, Professor Michalek. And thank you, Rector Marcin Palys. It's a pleasure to be here.

I first came to Poland in 1986. It was a very different world back then. And I have been coming back to Poland regularly over the past 30 years. The changes are remarkable. It is a tribute to the ingenuity, the work ethic, and the resilience of the Polish people.

When President Obama was here in 2014 he said, "We are proud to call Poland one of our strongest and closest allies."

Now, the historians among you probably know that partnership goes back to the birth of my country. At Lafayette Square outside the White House, there is a statue of Polish General Tadeusz Kościuszko, who helped George Washington lead America to independence and who advised Thomas Jefferson in the early days of our independence.

But as is often the case, our economic partnership preceded our strategic ties. More than four centuries ago, in the early 1600's, Polish craftsmen were part of the first successful English settlement in America's Jamestown. Shortly after arriving, they built the first factory in America: a furnace to produce glass products. And when the settlers' ships returned to Europe, they carried those products. So it was Polish workers who manufactured the first "Made-in-America" exports to Europe. And 400 years after those Polish workers launched our domestic glass industry, Poland remains among our top sources of fine glassware, shipping us \$30 million worth of drinking glasses and kitchenware each year.

Of course, our economic ties have grown tremendously since then, especially during recent years, with bilateral trade quadrupling over the past decade. Today, Poland is the largest recipient of U.S. investment in Central and Eastern Europe, and companies with American capital employ nearly 200,000 people in Poland. Every year, Americans buy billions of dollars of Polish goods, including everything from airplane parts to vodka to Internet routing devices.

The broader US-EU relationship has blossomed as well, becoming the largest trade relationship in the world. Nearly \$2 billion in goods and \$1 billion worth of services are traded across the Atlantic every single day between the United States and Europe.

Those are some impressive statistics, but we can do better. In a nutshell, that's what the Transatlantic Trade and Investment Partnership is about: making common sense upgrades to this very broad and deep economic relationship: eliminating tariffs, reducing non-tariff barriers, simplifying customs procedures, cutting red tape. That's its primary focus.

This Partnership offers a historic opportunity to:

- Boost our long-term growth;
- Enhance our collective competitiveness in an increasingly competitive world;
- Positively shape the global trading system consistent with our common values; and
- Strengthen the transatlantic alliance and partnership.

This Partnership will benefit both our economies broadly, but it is particularly important for small- and medium-sized businesses, or SMEs, which are the drivers of future job growth and job creation in both our economies. In Poland, 1.6 million companies are SMEs, and seven out of every 10 workers are employed by SMEs. Polish SMEs account for over 99% of firms.

Thousands of Polish SMEs already export to U.S. customers, and the vast majority of all Polish companies exporting to the U.S. are SMEs, and that doesn't include SMEs that sell inputs to larger companies that do. That's great news because businesses that export tend to grow faster, pay more, hire more, and are more resilient during economic downturns. Connecting small businesses from Warsaw to Washington and Krakow to Kansas City with new customers, suppliers, and partners will create new opportunities for growth and jobs on both continents.

We see this Partnership as a mechanism for Poland to diversify its markets and to strengthen the direct, bilateral relationship between Poland and the United States.

There is still a lot of untapped potential out there. One reason is that many small businesses currently find international trade bewildering – the tariffs, the customs regulations, the divergent standards. Unlike large businesses, they don't have legions of lawyers and armies of consultants to help them navigate their way through these obstacles to trade.

Yesterday, I had the pleasure of visiting a number of entrepreneurs at the Google Campus who are producing innovative goods and services not just for Poland, but for the global market. Making sure they can get their products to market, protect their intellectual property, avoid building redundant infrastructure to serve new markets, eliminate duplicative testing and certification procedures – that's what this Partnership has to offer them.

Through this Partnership, we're looking at a number of common sense approaches to making life easier for the small- and medium-sized business exporter. Whether it's eliminating tariffs on their products, knowing in advance how a shipment is going to be treated by customs, which allows you to plan, price, and market accordingly, or exempting some significant amount of exports from fees altogether. For small businesses, steps like these could be the difference between whether they are profitable or not, whether they engage in international trade or not, and whether they are realizing their full potential or not.

Small businesses like Polamer, a packaging, logistics, and customs broker, with operations in Warsaw, Chicago, Milwaukee, and New York. Polamer regularly deals with customs regulations that, if simplified, would likely increase the package and cargo volume it carries between the United States and Poland.

Or Artifex Mundi, a video game firm founded in 2007 by computer science graduates from Silesia Polytechnic University which now has 110 Polish employees specializing in everything from software development, to computer programming, to art direction and graphic design. The vast majority of their sales are internet-based downloads, so they would benefit from provisions we hope to negotiate in T-TIP which make secure, user-friendly e-commerce easier.

And let's not forget about the benefits to consumers: Greater choice, easier purchases, and lower costs.

One of the main areas of focus for this Partnership goes beyond the traditional trade agreement, and that is our effort to take two advanced, industrialized, well-regulated, high-wage economies, and see if we can bridge divergences in their regulatory regimes and their standard-setting procedures without lowering the overall level of our environmental, health and safety protection that people have come to expect of us.

And the examples are numerous. We've got regulators on both sides of the Atlantic that spend a significant percentage of their limited resources inspecting each other's medical device companies, requiring companies to go through multiple and redundant inspections and audits. Much of what the regulators on both sides are looking for is the same. The question is whether regulators can find ways to accept each other's inspection and test results, making it easier for the companies, faster to get to market, and delivering better health outcomes for the patient, expanding access to important new innovations – and, very importantly, allowing our regulators to spend their limited resources on areas of higher risk, which is very much in the interest of consumers.

This is not a new idea. Long before T-TIP was launched, our aviation regulators figured this out. They figured out that they didn't have resources to each inspect every plane that could possibly land in their territory, and so U.S. and EU aviation regulators agreed on a set of protocols for inspections and now accept each other's inspections of planes for airworthiness and safety.

It's that same kind of approach that we seek to take into this Partnership, and to expand it to more and more areas as well. And that's important, not just because it makes our regulators more efficient, but also because it helps maintain the collective competitiveness of our firms at a time when the world is increasingly competitive. It allows us, together, to be standard-makers as opposed to standard-takers from others around the world. And it ultimately improves the welfare of our consumers.

Let me underscore what T-TIP is not because there is a lot of mythology out there. It is not an effort to lower standards or weaken regulations. It's not an effort to force the privatization of public services. It's not an effort to undermine the values of either our societies.

Instead, it is an effort to make common sense upgrades to what is already a deep and broad relationship. It is an effort to show that we can promote growth that is not only stronger, but more sustainable and inclusive, growth that doesn't sacrifice standards but raises them, growth that doesn't abandon protections but strengthens them.

Indeed, one of the themes of this Partnership is not just what we can do to strengthen the ties across the Atlantic, but what the two of us can do together, vis-à-vis the rest of the world, to raise standards and to help define rules of the road for the global economy of the 21st century – whether in intellectual property rights, where we can cooperate to protect our publics against the threat to health posed by counterfeit medicines, to workers’ rights and protecting the environment, where we can raise standards around the world and level the playing field for our workers at the same time.

There’s an urgency here because we’re not the only parties out there. Plenty of others are moving ahead with their own approaches to trade, and they don’t necessarily embrace the same interests and values that we share—such as free and fair competition. The question is whether we take the field and show leadership or sit on the sidelines and let others define the rules of the road. From the U.S. perspective, there’s no question we’re going to take the field and show leadership.

And that brings me to the last point I would make, which is that this Partnership is as important strategically as it is economically. This is not just another trade agreement. It is a geostrategic choice to strengthen the transatlantic partnership, to benefit both Europe and the United States.

At a time when there is a great deal of instability on the margins of Europe, when there are questions about borders and energy security, there would be immediate benefits to successfully completing this agreement. As Adm. James Stavridis, former Supreme Allied Commander of NATO, has said, “T-TIP would be a powerful signal...that Europe and the United States stand together in all dimensions — values, politics, security, and trade.”

Over the longer term, T-TIP could fundamentally improve the geopolitical landscape. As former U.S. National Security Advisor Zbigniew Brzezinski has said, this Partnership “can create additional transatlantic bonds that will dramatically alter the geopolitical realities of the world as a whole. It can shape a new balance between the Atlantic and the Pacific Oceanic regions, while at the same time generating in the West new vitality, more security and greater cohesion.”

Economically and strategically, we’re at an important moment in time. We have been making steady progress in the negotiations over the last couple of years. We have window to get this done this year, but to do so, we need to accelerate that progress, and that’s what we’re focused on doing: working with the European Commission and with key member states like Poland right now to get this done.

This is a challenging time in Europe. T-TIP, which started off as a key part of a growth strategy coming out of the financial crisis and then took on broader strategic importance, could help boost confidence, serve as the focus of a positive agenda for Europe and strengthen Europe’s role, in conjunction with the U.S., as a globally competitive leader in the global economy.

There is a lot at stake. We look forward to working with Poland and the rest of the European Union to deliver on the promise of this Partnership.

Thank you very much.