

## Press Release

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### Manufacturers and suppliers stand shoulder to shoulder supporting trade agreement between EU and USA

#### **German automotive industry says, “Yes to TTIP!”**

Berlin, 28 January 2015. The German automotive industry says, “Yes to TTIP!” Under the umbrella of the German Association of the Automotive Industry (VDA), automotive manufacturers and suppliers are standing shoulder to shoulder in their support for a comprehensive free trade agreement between Europe and the USA. The German automotive industry sees most particularly the huge opportunities associated with free trade and TTIP. The potentials in close transatlantic co-operation were clearly spelled out today at a press conference in the VDA-Haus in Berlin.

Please find below the statements delivered by Matthias Wissmann, President of the VDA; Dr Dieter Zetsche, Board Chairman of Daimler AG; Dr Norbert Reithofer, Board Chairman of BMW AG; Prof. Rupert Stadler Board Chairman of Audi AG; Arndt G. Kirchhoff, CEO of Kirchhoff Holding GmbH & Co. KG; Dr Volkmar Denner, Board Chairman at Robert Bosch GmbH; Matthias Müller, President and Chief Executive Officer of Dr Ing. h.c. F. Porsche AG; Bernhard Mattes, Chairman of Ford of Germany; and Prof. Dr Martin Winterkorn, Volkswagen AG.

**Matthias Wissmann, VDA:** The Transatlantic Trade and Investment Partnership (TTIP) offers huge opportunities for Germany and Europe. A transatlantic market without borders, without import duties. But with common standards and secure investment. On both sides of the Atlantic. This will do more than stimulate the world economy. It would be a source of sustainable growth and prosperity for everyone in the US and the EU. Control levers on the steering wheel, exterior mirrors, bumpers and many more items have one thing in common: they all have to be produced or tested separately (that is, twice over) for export to the US. That leads to high costs. If trade barriers are removed, this will save both time and money – including that belonging to customers. Vehicle manufacturers could expand and invest more rapidly. That would maintain and create jobs in Germany and Europe. And the increasing competition would give consumers more innovation in modern technology and even better cars.

We are an exporting nation. Germany benefits from and lives, like virtually no other country, on globalisation. And those who live in globalisation must also play an active role in shaping it. We take the worries of those who oppose the TTIP very seriously, but we do not share them. Some of the questions are justified. But we should not let that unsettle us. Not everything that currently resonates in the public debate consists of substantial argument. For this reason, today we would like to present

counterarguments to the many negative voices and show you the most important reasons why the VDA and its member companies are working for a comprehensive and ambitious free trade and investment agreement with the US – in short, why we all say “Yes to TTIP!”.

**Dr Dieter Zetsche, Daimler AG:** TTIP is of major importance for Daimler and the German automotive industry. In 2014 a good 14 per cent of all German passenger car exports went to the United States. We are speaking of around 620,000 vehicles. This means that the US is the second most important export destination for the German automotive manufacturers – after the UK. In terms of the value of exports, the US actually takes first place, with more than 20 billion euro. Despite this, we are still up against considerable trade barriers. These include not only high import duties, but also numerous regulations that make it more difficult for us to sell our products. At present we are wasting money, for example because we need different mirrors, flashers and rear lights for the US and for Europe. Or because we have to satisfy different safety regulations, for instance relating to crash tests.

Europe and the US agree when it comes to their stated aim: stricter requirements don't exist anywhere else in the world. They differ only in the detail. Yet despite this, we have to have duplicate development, duplicate procurement, and duplicate certification. For this reason it makes sense for us to recognise each other's regulations and continue developing them jointly in the future. TTIP offers a unique opportunity to better integrate our markets on both sides of the Atlantic. As the market opens up, more small and medium-sized companies will be able to place their products on the common market. More competition makes the products more attractive and better. People in Europe and the US will find there is a larger and more diverse range of goods on offer. This brings advantages that will also benefit consumers in Germany. And according to a study by the EU, a family would have up to 545 euro more in their pockets every year. For this reason, too, TTIP is long overdue. And for this reason Daimler and the German automotive industry say, “Yes to TTIP!”.

**Dr Norbert Reithofer, BMW AG:** What are import duties for? They are intended to give the state budget a share of the money from imported goods, and – above all – to protect the domestic economy from competition. In almost all the agreements negotiated by the EU, e.g. those with Korea and India, vehicle import duties are among the most prominent “bones of contention”. Here the point was always protection against competitors, and competition between the different locations. But with TTIP everything is different. Between Europe and the US we have not only strong transatlantic trade. We are also working in a close-knit production network that is unique throughout the world. The German vehicle makers export to North America, and the American manufacturers export to Europe. But all the German manufacturers also produce in the US. Likewise, the US automotive OEMs have production plants in Europe – GM, Ford, and Chrysler in co-operation with Fiat. Nearly 40 per cent of global automotive sales are in the EU and the US.

So it rapidly becomes clear that neither side needs to be protected from the other. Mr Zetsche, I don't need to be protected from your cars “Made in the US”. And the two of us don't need to be protected from Mr Mattes, or Ms Barra at GM. That's not appropriate these days, and neither is it useful. In our industry it means: import duties from 2.5 per cent up to 25 per cent in the US on vehicles from the EU, and an import duty of 10 per cent on vehicles in the EU. With two economic areas that are industrial

equals and at the same time are becoming ever more closely integrated, the greatest impact of import duties is to hold back growth. For example the German automotive industry alone pays more than one billion euro every year. We would do much better to invest this money in new technologies. If we remove tariff and non-tariff barriers – that is, import duties and unnecessary bureaucratic and regulatory differences – the result will be economic opportunities. To put it simply: TTIP opens up huge growth potentials for Europe and the US. Europe in particular urgently needs this kind of boost. That's why we say, "Yes to TTIP!"

**Prof. Rupert Stadler, Audi AG:** Not only the import duties, but the non-tariff barriers in particular are of great importance to us. The EU and the US often have different regulations and standards which, however, have similar results: tyres have good traction on both sides of the Atlantic. Control leavers on the steering wheel can be used both here and there without any problem. Safety belt systems protect drivers and passengers both in the EU and in America. But to date it has not been possible simply to license in the US a car already licensed in Europe. This is no longer appropriate – people in Europe are just as capable of driving a car as those in the United States. Why, then, do the cars have to be different? We all know that regulations and standards, once established, are difficult to change later on. Fortunately the situation is simpler where new standards are defined from scratch. Future regulations and standards will accordingly play a major role in the TTIP negotiations. What is decisive is that with TTIP, the EU and the US agree that future regulations in the automotive sector should be both passed and applied by mutual agreement. Then in the long term, this basic principle will apply to all technologies: "Approved once, accepted everywhere!"

The TTIP negotiating partners have a very clear job to do: they are to mark out the framework for future co-operation on regulations, and should give this framework institutional forms. But it is also clear that both parties to TTIP will, as before, have the last word on which regulations apply to the vehicles on their roads. What counts is the greater efficiency that results if we recognise each other's regulations. Therefore we say, "Yes to TTIP!"

**Arndt G. Kirchhoff, Kirchhoff Holding GmbH & Co. KG:** At present many medium-sized companies still decide not to venture into new markets because of the high costs involved. But TTIP would actually open up the US market precisely for small and medium-sized firms. They could then avoid the bureaucracy and the high administrative costs that arise as a result of differing regulations and standards. They could finally afford to enter the market in the US. That would push up sales and create a great many new jobs. With TTIP we can not only eliminate costly import duties and unnecessary duplicated regulations.

There is actually a third decisive component in the agreement which we are supporting, and that is the protection of investments. The German automotive industry is very strong in exports. At the same time, it produces more than 60 per cent of its passenger cars outside Germany, at many international sites – and the number is rising. These direct investments run into billions, and in many countries they need protecting. This is why investment protection is so important in TTIP: it will send out a signal to all the other countries whose legal system is not as well developed as in the US or here in Germany. TTIP has the potential to become the global yardstick for fair and secure investment protection. This would benefit in particular the many small and medium-sized companies in Germany, which cannot

afford their own large legal departments. The process of going through the national courts would be much too long.

Let us end the polemic against the courts of arbitration, and instead let us talk about “how” rather than “whether” we should have good arbitration. If we don’t use the opportunity now to define a “gold standard” for future investment protection worldwide with our transatlantic partner, probably others will make the rules in the future. Will they then be better? Most likely not. A “Stop TTIP” campaign is not going to solve any problems, and as a political strategy leads to a dead end. Therefore we say, “Yes to TTIP!”.

**Dr Volkmar Denner, Robert Bosch GmbH:** Precisely for us as one of the world’s leading providers of technology and services, it is very laborious to adapt our products separately to every market. Parallel developments incur costs that could be avoided. A trade agreement between the EU and the US will save both time and money that could be much better invested in new products and jobs. Just to make one thing clear: nobody wants to dilute the high standards regarding safety and the environment. Incidentally, these standards are also very demanding in the US, and some of them are even higher there than in Europe. For example, some important standards in the automotive industry came from the US, such as the crash test and exhaust regulations. As a consequence, new technologies such as airbags and catalytic converters have been introduced, which have improved vehicles’ safety and their environmental compatibility.

However, wherever differing regulations evidently result in the same levels of protection and safety, it makes sense to harmonise them. Experience shows that achieving harmonisation, or at least convergence, needs a whole lot of courage and far-sightedness – which politicians and business should now demonstrate by seizing the opportunity for more intensive cooperation on regulations. This is the only way to make the transatlantic market a reality. If TTIP removes import duties and non-tariff trade barriers, this will clear the way for a huge growth spurt. And that will bring advantages for all of us – industry and consumers alike. Therefore we say “Yes to TTIP!” – We are in favour of the free trade agreement and we appeal to the politicians to stay on course and advance the negotiations openly and swiftly. It would be a missed opportunity for Europe, if the agreement was not concluded.

**Matthias Müller, Porsche AG:** For the automotive industry there are huge opportunities in closer cooperation on regulation, because it also very clearly offers us an economic benefit. Removing trade barriers is definitely a good thing. Yet TTIP enables us to ensure that in the future trade barriers do not arise in the first place. And that is of course far more efficient than removing trade barriers once they exist.

I would like to illustrate this using electric mobility as an example. Electric mobility is new territory not only for us manufacturers, but also for the lawmakers in Europe and the US. So in the case of electric mobility, we can define unified international standards right from the outset. It does not matter whether you are talking about requirements for labelling, testing, or the safety of batteries, or standardised connectors, charging sockets or charging procedures. We will need global standards if this new technology is to be made suitable for everyday use. This will benefit not only vehicle manufacturers, the electrical industry and network providers, but above all the customers.

At the same time, the example of electric mobility points up another criterion for success: if regulations have already developed in very different ways, and became established many years ago, it is naturally very difficult to align them. This means the earlier we have international cooperation on regulation, the better the chances that the trading partners will agree on common rules. Therefore we say, “Yes to TTIP!”

**Bernhard Mattes, Ford of Germany:** In addition to the numerous purely economic advantages of TTIP, we must also keep the overall picture in mind. Bringing about free trade between the EU and the US on the automotive market, which is of such global importance, will have far-reaching positive impacts – also in other regions and markets. Why is this aspect so important to Germany in particular? For us as an exporting nation, access to world-wide sales markets is of fundamental significance. Three out of four passenger cars that we produce here in Germany go to destinations abroad. The critical point is that most of the growth is occurring outside Europe. For example, during the last five years sales of new cars in China have more than doubled, while in the US they have climbed by around 60 per cent. By contrast, Western Europe only managed to expand slightly again for the first time in 2014 – after four years of shrinkage.

What does this tell us? The focal points of growth are shifting. The world economic map is changing. By 2050, the global population will have increased to 9 billion – and then the EU will make up only 7 per cent of the total population, while Germany as an individual nation will account for less than 1 per cent! Consequently, Germany needs a strong Europe, and Europe needs strong transatlantic relations if it is to be a major player in actively shaping the global geopolitical map. In this respect TTIP offers a unique opportunity. We should not simply leave the job to others – because without TTIP, the US will concentrate more on partnerships in the Pacific region. On the other hand, with TTIP we can fix the strict standards and requirements of the EU and the US as a benchmark. They can then serve as a model in global trade. Therefore we say, “Yes to TTIP!”.

**Prof. Dr Martin Winterkorn, Volkswagen AG:** The transatlantic trade partnership will provide a historic opportunity: Europe and the US can now set the standards jointly, which will shape our world in the coming decades. If we recognise each other’s rules and regulations, and actually harmonise them in the long run, this agreement will become an engine powering Europe as a business location. I therefore urgently appeal for a comprehensive trade agreement with the US.

The statements and more information about TTIP can be found online at:  
[www.jazuttip.de](http://www.jazuttip.de).

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