

German vice chancellor says talks on US-EU free trade agreement have failed

Christoph Vandreier
30 August 2016

On Sunday, German Economics Minister and Vice Chancellor Sigmar Gabriel expressed major doubts that the free trade agreement between the European Union and the United States, the Transatlantic Trade and Investment Partnership (TTIP), would be concluded.

In a summer Interview with ZDF television, the Social Democratic Party (SPD) leader said, “The negotiations with the US have de facto failed because we as Europeans naturally cannot submit to American demands... There has been no movement.” He added that in 14 rounds of talks, negotiators had not reached agreement on a single one of the 27 areas in the deal.

Negotiations on the TTIP have been underway since June of 2013. The agreement aims to eliminate trade barriers between the US and Europe. In the process, it would undermine basic health and safety standards, wages and environmental and consumer safeguards.

Banks and corporations would acquire broad new powers under the agreement. If laws were passed that threatened profits, the companies concerned could take legal action against the governments that were responsible. The differences between the two sides centre on how the courts should operate.

Gabriel is now questioning the viability of the agreement not out of concern over its anti-democratic and anti-working class orientation, which he supports. In the interview, he emphasized that he favored “Germany’s commitment to free trade, because we are an export-oriented nation.” As a positive example, he cited the free trade agreement with Canada, CETA, which is already largely negotiated and has similar provisions to those in the TTIP.

In the negotiations with the United States, the main issue is whether Germany and Europe can position their own corporations in a more advantageous position compared to their US competitors.

The German Economics Ministry published an interim assessment of the TTIP negotiations three weeks ago, which stated: “To date, none of the 27 to 30 sections of the final TTIP agreement have been concluded substantially.” Most of the issues in dispute relate to the immediate interests of the respective economies.

The United States has refused to agree on an equal playing field between European and American companies in the sphere of public procurement. At the level of states, regions and cities, the United States insists on retaining the principle of “Buy American.” This was the “biggest obstacle” when it came to public procurement, the report declares.

Conversely, the EU will at least partially maintain duties on certain agricultural products such as beef, pork, poultry and dairy products. The US is ready to make concessions here only if it can protect its auto industry with import duties against its European competitors.

In the conclusion of its report, the German Economics Ministry estimates that the possibility of an agreement by the end of the year is slight. It assumes that the conflicts are likely to get even worse. “In the US presidential campaign, both candidates have been critical of, and positioned themselves against, free trade agreements,” the report states. “How important the issue of trade agreements will be on the agenda of the next president is currently unclear and cannot be predicted.”

There are significant differences within the German government on this estimation. After publication of the interim report, government spokesman Steffen Seibert said: “The entire federal government regards a speedy conclusion of the TTIP agreement to be a central project.” Seibert added that this was also the attitude of

the Economics Ministry.

There was also strong criticism from the SPD's coalition partner following Gabriel's statements on Sunday: "Although the TTIP is a Sisyphean task, it is still far from failed," the economics spokesman of the Christian Democratic Union (CDU) Bundestag group, Joachim Pfeiffer, told the press. "I expect that in the interests of the export-oriented German economy, the economics minister will stand at the head of the movement rather than throw in the towel."

His vice chairman, Michael Fuchs, said on Monday: "It's totally irresponsible for the TTIP to be denigrated with false allegations by some interested parties, often by vested interests." He referred, in particular, to the necessity for the German economy to stand up against competition from Asia. "Relations in the world are shifting more and more towards Asia," he said. "We now have a choice: do we want to continue to have a say in trade rules or do we reduce ourselves to onlookers?"

The politicians of the Christian Democratic Union and the Christian Social Union speak for a broad section of the German economy, which is pressing for a speedy adoption of TTIP in anticipation of growing profits. The United States has been Germany's largest market since 2015. Approximately ten percent of all German exports go to the United States. At the same time, the United States is the fourth largest exporter of goods to Germany.

"I find it amazing that the German minister of economics declares the TTIP negotiations to have de facto failed," said Ulrich Grillo, the president of the Federation of German Industries (BDI). The president of the German Chambers of Industry and Commerce (DIHK), Eric Schweitzer, also defended the TTIP negotiations, saying, "We have common interests and values, so we should continue to negotiate seriously."

The EU Commission considers the negotiations to be ongoing. "If the conditions are right, the commission is prepared to finalise this agreement by the end of the year," stated commission spokesman Margaritis Schinas on Monday.

The discussions on the agreement demonstrate that transatlantic conflicts are growing. US courts and authorities took a hard line against the Volkswagen Group, Germany's largest car manufacturer, in relation to its exhaust scandal. In a deal that does not include all

damage claims, VW is required to pay up to 13.6 billion euros.

Given these conflicts, there is a growing chorus in Germany saying that the country should orientate more to Asia. This faction regards the trade agreement with the United States as an obstacle. It is not prepared to accept demands dictated by the US, but seeks rather to establish Europe, under German leadership, as a world power.

This is the perspective shared by the organizers of the anti-TTIP lobby, including the German Trade Union Federation (DGB), the Left Party and the Greens. They criticize TTIP not from the standpoint of the international working class, but rather from the standpoint of German imperialism. In a statement titled "The struggle against TTIP is a class question," the Socialist Equality Party wrote in October of last year:

"It makes a big difference whether one combats TTIP and CETA from the standpoint of the international working class or from the standpoint of German national interests."

The first approach leads to a socialist perspective. It employs the methods of class struggle. It strives to unite working people on both sides of the Atlantic, to encourage all forms of social resistance, and to impart to them a socialist orientation. Its aim is the nationalization of the banks, big corporations and large fortunes and the reorganization of society on a socialist basis, i.e., in the interest of social need rather than profit.

The second approach leads to nationalism and war. It blurs class antagonisms in the name of a "broad alliance" and identifies "the Americans" as the enemy, rather than the ruling class in one's own country and in the United States. It exploits legitimate concerns about the destruction of social and democratic rights as a pretext to support German imperialism in its economic and military struggle to become a world power.



To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact