

ACCELERATING GROWTH AND VITALITY IN THE EUROPEAN ECONOMY

AGENDA FOR ACTION 2014-2019

POLICY RECOMMENDATIONS FOR 2016

Financial services regulation:

- Strengthen coordination between EU and US policy-makers in financial services regulation. Regulations should, where possible, be compatible across jurisdictions, especially where detailed regulation has been set-out by international bodies under the auspices of the G20.

- Trade and investment:** Include state-of-the-art investment chapters in EU trade agreements. Investment protection provisions in trade agreements provide guarantees to companies that their investments will be treated fairly and on an equal footing to national companies, allowing them to invest around the world with confidence.

- Trade in services:** Work to achieve an international agreement on trade in services that promotes fair competition and a level global playing field, facilitates customs processes and protects against forced localisation barriers.

- Union Customs Code:** The Union Customs Code (UCC) should be implemented in a manner that ensures simplified, standardised and automated customs procedures throughout the EU.

Customs infringements and sanctions:

- Customs penalties should be harmonised and applied uniformly. The existing Commission proposal is not a step in the right direction, since it will unduly penalise companies even when they have acted in good faith. Sanctions should only be imposed in cases of proven gross negligence or intentional fraud. Fines should only be collected on the basis of unpaid or underpaid duties and not on the basis of the customs value.

- Import VAT:** VAT modernization on import shipments should simplify import VAT rules, separate import VAT accounting from customs clearance, and find the right balance between liability, control and trade facilitation. It should also avoid overcorrection of any perceived distortions.

Country-by-country reporting:

- Extension of country-by-country reporting ('CbC') to additional sectors outside those already covered should only take place after: (a) a rigorous impact assessment, and (b) a review of current initiatives in the banking and extractive sectors. Account should also be taken of other CbC initiatives undertaken by individual or groups of countries.

Merger control regulation:

- The reform of merger control regulation should be more streamlined, rather than be expanded to include minority shareholdings.

Competition policy across the global antitrust community:

- Enforcement of antitrust laws should be based on a sound analytical framework, consumer welfare, and procedural fairness. Antitrust laws should also avoid extraterritorial impact of local enforcement actions.

AmCham EU speaks for American companies committed to Europe on trade, investment and competitiveness issues. It aims to ensure a growth-orientated business and investment climate in Europe. AmCham EU facilitates the resolution of transatlantic issues that impact business and plays a role in creating better understanding of EU and US positions on business matters. Aggregate US investment in Europe totalled €2 trillion in 2014 and directly supports more than 4.3 million jobs in Europe.

BUILD SKILLS FOR THE FUTURE

- **Labour market reform:** Implement labour reforms that enhance the long-term competitiveness of the European workforce. Make pensions portable across the EU.
- **Skills:** Enact policies that help citizens obtain the skills in demand by the market. Utilise flexecurity measures where feasible and promote labour market mobility across the EU. Skills and qualifications should be made recognised across EU borders.
- **Intra-corporate transferees:** Maintain a common regime for intra-corporate transferees (ICTs) including an EU fast track application procedure for third country ICTs temporarily assigned to the EU.
- **Training and education:** Increase investment in training and education. Promote lifelong learning through classes, online training, on-the-job training and the use of new technologies. Encourage science, technology, engineering and mathematics (STEM) education.

DRIVE INTEGRATION TO CREATE AN ATTRACTIVE INTERNAL MARKET

- **EU Single Market:** Deepen and widen the Single Market. Address the uneven implementation and transposition of existing EU regulations into national law.
- **Better Regulation:** Promote all key components of the Better Regulation strategy, including effective and consistent implementation and enforcement of regulation, simplification of EU law and reduction of administrative burdens. Aim for a single certification scheme and harmonisation of EU standards.
- **Impact assessments:** Incorporate quantitative and fact-based impact assessments for all proposed directives and regulations, including for important delegated and implementing acts.
- **Economic and Monetary Union:** Develop a viable long-term strategy for Economic and Monetary Union (EMU) to enhance the stability of the Eurozone banking sector. Fiscal and economic policies should be coordinated to create a Single Market for financial services in the EU.
- **Capital Markets Union:** Establishing a Capital Markets Union would mark an important step towards delivering the open and appropriately-regulated financial markets necessary to support Europe as an internationally competitive location for investment.
- **European Supervisory Authorities:** The European Supervisory Authorities' role in mediating between supervisors should continue and be applied symmetrically to Eurozone and non-Eurozone supervisors.
- **EU Audit Regulation:** The introduction of a range of new measures applying to the audits of Public Interest Entities (PIEs) as well to PIEs themselves from 17 June 2016 will result in greater complexity and increased costs, not only for European companies but also for American companies with one or more PIE subsidiaries in the EU.
- **Value-added tax:** The revamped EU value-added tax (VAT) system should be efficient and fraud-proof.
- **Common Agricultural Policy:** Continue to reform the Common Agricultural Policy (CAP). Remove remaining quotas, and promote funding for research and innovation and greening measures.
- **Discriminatory taxation:** Special taxes on certain food and beverage products are not an appropriate remedy to tackle complex dietary and lifestyle-related issues and should be discouraged.
- **General product safety and market surveillance:** The framework needs to be consolidated to achieve a level playing field for all sectors and a transparent market surveillance system needs to be put in place.
- **Energy liberalisation:** Full implementation of the EU Energy Union Framework Strategy is necessary to achieve a transparent, liberalised single energy market. The EU should encourage energy efficiency and promote sustainable energy policies within this framework. It should also ensure a more secure energy supply through active internal and external energy policies.
- **Energy and transport infrastructure:** Ensure adequate funding to upgrade EU infrastructure, for example through the EU Investment Plan, the Connecting Europe Facility (CEF) and Project Bonds from the European Investment Bank.

● **Climate policy:** EU industrial and energy policies and national initiatives should be cost-effective, technology-neutral and coherent.

● **Transport policy:** Continue efforts to realise a single European transport area; further liberalise road transport and the rail market; and open ground-handling activities at airports to competition.

● **Common Consolidated Corporate Tax Base:** While offering certain advantages, the Common Consolidated Corporate Tax Base (CCCTB) also brings additional costs. Organisations must be given the freedom to elect whether to be subject to the CCCTB. The CCCTB should also be made simpler to administer and allow consolidation as part of the initial implementation.

● **Anti-trust damages actions:** Europe needs effective mechanisms that enable victims of breaches of Commission antitrust rules to be compensated in an equitable manner for harm suffered. The system should be fair and efficient for both the claimant and the defendant.

● **Financial transaction tax:** Initiatives to introduce financial transaction taxes (FTTs) increase costs for all users of financial products, damaging the sector and the wider economy. Implementation on an enhanced cooperation basis would hinder a Single Market for financial services.

● **MiFID:** Regulation of markets in financial instruments should not limit or discourage access to and from third country markets. Support international standards for pre- and post-trade transparency.

● **Money market funds:** Alternative liquidity in the financial markets should be strengthened by creating a framework that allows money market funds (MMFs) to invest in a wide range of money market instruments.

● **Payments:** Long-term harmonisation of interchange fees, co-badging of cards and the separation of schemes and processing entities should be done on a voluntary, industry-led basis in order to ensure proper competition, transparency and innovation for consumers.

EMBRACE REVOLUTIONARY CHANGE FOR INDUSTRIAL LEADERSHIP

● **Aviation biofuels:** Integrate all renewable energy/sustainable bio-fuel incentives into a consistent framework that allows all carbon reduction technologies to compete on an equal basis.

● **Defence procurement:** Ensure the Directive on Defence Procurement is correctly implemented. The EU and the US would benefit from a level playing field and maximum flexibility in competing for new security and defence procurements.

● **Shale gas:** Shale gas exploration should be explored as part of a coherent European energy policy that aims to deliver a secure, affordable and sustainable energy supply. Future production should be developed within an environmentally sustainable framework, based on sound scientific evidence, enabling stakeholders to build the appropriate social license.

● **Digital Single Market:** Establish a more consistent regulatory environment to achieve a Digital Single Market. A comprehensive policy approach and regulatory environment to yield high investment levels in both fixed and mobile infrastructures should be achieved to avoid market fragmentation.

● **Cloud computing:** Develop a global policy framework for cloud computing and achieve greater harmonisation or interoperability across existing EU and global legal regimes.

● **Spectrum management:** Ensure European-wide allocation of radio spectrum that delivers further harmonisation of spectrum management.

● **Cybersecurity:** Improve network and information security and establish a legal framework that is conducive to information sharing while recognising the global nature of cyberspace. Strengthen coordination between public sector and security institutions.

● **Data protection:** Craft a harmonised data protection framework across the EU to better protect data, while avoiding unworkable and prescriptive rules that could hinder innovation. Allow the free flow of data across national and international borders and adopt privacy laws that are globally consistent and clear.

DEVELOP NEW MODELS OF INNOVATION AND ENTREPRENEURSHIP

● **Innovation:** Create an environment and regulatory approval process that will encourage innovation.

● **Intellectual Property:** Ensure robust protection of intellectual property (IP) both online and offline, combatting counterfeiting, piracy and the misappropriation of trade secrets. Any policy changes that result in the weakening of IP protection levels would reduce incentives to innovate and invest and have a detrimental effect on jobs and competitiveness in Europe.

● **Technology in agriculture and food:** Encourage investment in food and agricultural technologies by the public and private sectors and ensure there is a science-based regulatory framework that facilitates innovation.

● **Sustainability aspects of international trade in agricultural products:** Resolve and avoid technical barriers to trade resulting from diverging or contradictory legal frameworks, with regards to the sustainability of agricultural raw materials and greening of the supply chains of agricultural goods.

● **Investment in healthcare:** Healthcare requires smarter and more focused regulations, innovative partnerships, consumer-oriented approaches to empower citizens and improved access to medicine through more flexible pricing policies.

● **Medical devices:** The regulatory system for medical devices should balance patients' safety and access to the latest medical developments, through decentralised market authorisation procedures, increased availability of information, harmonised procedures and criteria, and enhanced market surveillance utilising stakeholder involvement.

● **Nanotechnologies and materials:** Adopt an EU-wide harmonised regulatory framework that facilitates the use of nanotechnologies and materials. Regulation should be science-based, technologically suitable and legally enforceable.

● **Pricing and reimbursement for pharmaceuticals:** The issue of the introduction of a patent linkage prohibiting pricing and reimbursement needs to be resolved.

● **eHealth/mHealth:** Interoperable electronic health records should be expanded. Citizens should be allowed to access their medical information and related services online and on mobile devices. The new data protection framework currently under discussion should enable effective health data exchange.

● **Consistency of environmental legislation:** A predictable regulatory environment requires consistency and coherence of EU environmental laws, as well as an EU-wide legislative framework for which Member States do not come forward with contradictory national initiatives.

● **Endocrine disruptors:** The EU requires a regulatory approach that is based on robust science and the evaluation of chemicals on a substance-by-substance basis. The threshold/non-threshold assessment should also be evaluated on the same principle.

LEAD BY EXAMPLE TOWARDS GLOBAL INTEGRATION

● **Benefits of trade for society:** Conclude and implement trade agreements with strategic partners and markets to promote global development. Enhanced trade facilitation and market access could lead to increased investment and innovation, more consumer choice, lower prices, more jobs and renewed growth. The Commission's new trade strategy reconfirms the importance of trade for global growth and development.

● **World Trade Organization:** Support a strong World Trade Organization (WTO) that acts as an important guarantor of legal rights in international trade and investment. The application of WTO principles should underpin any trade agreement, multilateral or bilateral.

● **Transatlantic Trade and Investment Partnership:** Support the conclusion of a comprehensive trade and investment agreement with the United States that benefits business, consumers and citizens on both sides of the Atlantic.

How is the EU performing on each of these policy issues?

- Legislation adopted with unsatisfactory results and/or trending in the wrong direction
- Mixed results and/or in legislative process
- Legislation adopted and/or trending in the right direction