

Our position

A stronger transatlantic relationship

October 2020



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 more than €2 trillion in 2019, directly supports more than 4.8 million jobs in Europe, and generates billions of euros annually in income, trade and research and development.

About AmCham EU and the transatlantic economy

With over 150 members, AmCham EU speaks for American companies, from a broad range of sectors, committed to Europe on trade, investment and competitiveness issues. It aims to ensure a growth-orientated business and investment climate in Europe. The US and Europe remain each other's most important markets. The transatlantic economy generates \$5.6 trillion in total commercial sales a year and employs up to 16 million workers in mutually "on-shored" jobs on both sides of the Atlantic. It is the largest and wealthiest market in the world, accounting for half of total global personal consumption and close to one-third of world GDP in terms of purchasing power.

The transatlantic partnership is founded on building bridges and tearing down walls. The US partnership with European powers constitutes the foundations of the post-WWII liberal order. Backed by American power, Europe has enjoyed decades of peace, security, and prosperity. Countless global treaties and global institutions have been built on these strong foundations. The market economy – led by the US and EU who together account for one-third of global GDP and half of total global consumption¹ – remains the best guarantor of individual freedoms.

However, we cannot and should not pretend that in recent years, the transatlantic relationship has not seen tensions and policy differences. Distinctions in politics and political discourse have been more noticeable than in the past. Despite this, the bedrock of the post-war partnership between Europe and the US remains solid.

We are now confronting new challenges on a global scale. 2020 finds us in the midst of both a global health pandemic and an economic crisis like none before. While governments have managed to control a rise in cases of COVID-19, this has come with drastic impacts on economies and societies. The duration of this crisis remains uncertain. There is even growing concern about implications for international security.

Unilateral approaches to solving these challenges will not prevail. The pandemic cannot be solved by Europe, by America or any one country or jurisdiction alone. This crisis will only be solved through global cooperation with strong leadership. This strong leadership can only come from the transatlantic relationship.

The first months of dealing with COVID-19 saw a great deal of unilateral action by governments. However, since the start, greater coordination at EU-level has emerged, most noticeably by the Franco-German agreement on a way forward for an EU-funded recovery fund. AmCham EU is extremely supportive of the collective leadership shown by European leaders to strengthen and boost the EU Single Market and Europe's economic and social recovery. The next step needs to be more intensive transatlantic leadership promoting global cooperation and shared values.

Transatlantic leadership could focus on a number of important areas, including but not limited to:

- **Trade and investment** – Trade is not a zero-sum game – it is a positive-sum game. Transatlantic trade is beneficial for both the EU and the US, by contributing growth to the economy, adding millions of jobs and generating wealth. Kickstarting transatlantic trade and investment will be vital to the global economic recovery. Trade tensions that have arisen in recent years must be put aside as we strive towards growth, jobs, stability, security and prosperity. The US and the EU have a balanced trade relationship in goods and services, but the real backbone of the transatlantic economy is by far mutual investments. The US and the EU are each other's primary source and destination for foreign direct investment (FDI). In 2019, 50% of global investment into the US came from Europe and in 2018, 61% of

¹ [Transatlantic Economy Report](#), March 2020.

US global investment went to Europe.² We believe that the EU and the US should monitor developments, and potentially take coordinated action vis-à-vis countries seeking to use FDI screening frameworks, or other means, to restrict foreign investments unfairly.

- **Healthcare** – Transatlantic trade remains a core pillar of the global pharmaceutical industry. Built on strong innovation and long-term investments in R&D and manufacturing on both sides of the Atlantic, industry has been able to respond to both the unprecedented health challenge of COVID-19, and on researching and developing treatments and vaccines. Regulators and policymakers on both sides should cooperate to build on recent successes such as the EU-US Mutual Recognition Agreement (MRA) on pharmaceutical Good Manufacturing Practice (GMP). The MRA reduces duplications in procedures, saving resources for governments and industry, as well as improving timelines for supply of medicines into Europe. The implementation of the MRA provisions for vaccines must be accelerated to streamline procedures for COVID-19 vaccines. Moreover, AmCham EU strongly supports the role and mission of the World Health Organization (WHO). We believe that increased transatlantic cooperation and leadership in the WHO would benefit all.
- **Supply chains** – The current crisis has brought into sharp relief the need for diversification and stability of supply chains especially for medical equipment, food, and other essential goods and services. As countries are developing their ideas on how to increase resilience and diversity they should do so in a spirit of openness, and in close collaboration with industry. Economic nationalism and protectionism are not the way forward. To the extent that the EU pursues an agenda of ‘open strategic autonomy’, we encourage policymakers to provide additional guidance with regard to the definition of the policy. Interdependence is inevitable in a globalised world. Greater partnership and stronger cooperation will strengthen supply chains for generations to come.
- **Digital economy** – The transatlantic space is really the heart of the global digital economy. Digital connections between the two continents are the thickest in the world, with North America and Europe generating 75% of global digital content. Transatlantic data flows are the fastest in the world, accounting for over one half of Europe’s global data flows and 50% of the US’. As EU policymakers seek to design a *Europe fit for the digital*, we urge the EU and the US to keep channels of dialogue about trade and technology open. A close EU-US cooperation on issues of mutual interest such as digital will ultimately benefit global trading system. Transatlantic data flows are indispensable to the global digital economy. AmCham EU is concerned by the uncertainty created by the European Court of Justice’s recent decision to invalidate the Privacy Shield – a mechanism upon which over 5,000 small and large companies rely to transfer personal data across the Atlantic. Close collaboration to restore certainty for businesses will be a positive step in shaping the global digital agenda.
- **Financial stability** – The financial services sector has proven resilient through this crisis and AmCham EU is hopeful that while banks were part of the problem during the global financial crisis of 2008, they will be part of the solution this time. This is in part due to post financial crisis reforms. Transatlantic cooperation in regulating financial services has also been a critical factor that cannot be taken for granted and must continue to be a focus going forward. Avoiding fragmentation of capital markets in Europe is also key.
- **World Trade Organization (WTO) reform** – The WTO has helped open up international markets and raise standards globally. The WTO and its rulebook must play an important role in the global economic recovery, but the multilateral trading system is under threat. Current challenges such as industrial subsidies, state-owned enterprises and taxes are creating new systemic challenges for both the US and EU. Furthermore, the unilateral raising of trade barriers and the fact that the WTO Appellate Body has become non-functional run counter the need to tackle distortions at global level. AmCham EU reaffirms

² [Transatlantic Economy Report](#), March 2020

its unwavering commitment to the WTO and to a rules-based order supported by the international trading system. Without rules, and a functioning arbitration mechanism, we risk a return to anarchy. AmCham EU urges the US and the EU to join forces in modernising the WTO, in order to address the trade challenges of the 21st century

- **Security and defence** – AmCham EU calls on the EU and the US to preserve and, where possible, strengthen spending targets for the security, defence and space suppliers and sustain their security, defence and space industrial bases for resilience purposes. This will be essential for enabling the EU and the US to take responsibility for ensuring the security of their citizens. We believe that strong and ambitious Transatlantic Defence Technological and Industrial Cooperation (TADIC) will be instrumental in maintaining the transatlantic relationship, achieving collective security and ultimately securing sustainable growth. The nature of the security, defence and space industry is global and open defence markets should be preserved.

While the current crisis is arguably the most monumental challenge since WWII, it will certainly not be the last unpredictable threat facing our societies. Europe and the US – now more than ever – must stand together. As US businesses, committed to and invested in Europe, AmCham EU supports a strong transatlantic dialogue and stands ready to engage with policymakers in Washington D.C., in Brussels and across EU Member States. We support a renewed and upbeat transatlantic agenda that provides a coherent and comprehensive strategy for the transatlantic partnership for the twenty-first century – one that focuses on both our common interests and shared values of economic and social freedom and liberty. Standing together we can face down the huge challenges before us and promote liberty, openness, security and prosperity.