

Our proposal

A new agenda for transatlantic economic cooperation

Recommendations from the US business community in Europe



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 2016, directly supports more than 4.5 million jobs in Europe, and generates billions of euros annually in income, trade and research and development.

Executive summary

The transatlantic economy remains the largest, most prosperous and most innovative of its kind in the world – and it continues to grow. With TTIP currently on hold, however, and in light of a number of challenges to the bilateral relationship and to the broader global economy, strong political leadership will be required in order to build a positive transatlantic economic agenda for the years to come.

In this paper, AmCham EU highlights a number of areas in which the EU and the US could work together to develop their economic ties and promote new global standards. AmCham EU looks forward to working with policymakers and stakeholders on both sides of the Atlantic in pursuit of this important goal.

Purpose of the paper

For over two decades, AmCham EU and the transatlantic business community have been at the forefront of efforts to enhance transatlantic cooperation and improve economic ties between the two regions. Founded on a shared belief that deeper transatlantic economic ties enhance the security and prosperity of businesses and citizens on both sides of the Atlantic, and working in close cooperation with governments and stakeholders, these efforts helped set the stage for the creation of the Transatlantic Economic Council (TEC) in 2007. The TEC established a specific institutional mechanism for economic cooperation and helped create the conditions for the launching of negotiations for a Transatlantic Trade and Investment Partnership (TTIP) agreement between the EU and the US in 2013.

Significant progress was made during the TTIP talks in identifying areas to deepen regulatory cooperation and remove barriers to trade and investment. The negotiations also had the added value of bringing the two regions closer together, united in a common goal to advance their shared values and interests globally. While the TTIP negotiations are currently on hold, it is important that the EU and the US do not lose this momentum and build on the progress achieved. It is equally important that the transatlantic relationship is not allowed to drift.

The purpose of this paper is to outline key opportunities for deeper policy and regulatory cooperation, in both traditional areas as well as in new and rapidly-evolving fields. Importantly, the paper does not aim to be prescriptive about *how* such enhanced cooperation can be achieved – for example, through a revived TEC or another vehicle – although there have been indications that the parties may be interested to rejuvenate this institutional mechanism and are developing a work plan.¹ This document could provide useful input to EU and US policymakers in this context, and within the broader framework of the EU-US working group on trade which was agreed in May 2017. This document expands on AmCham EU's declaration on the 10th anniversary of the TEC, which identified eight opportunities for enhanced transatlantic cooperation.²

¹ The EU and the US “have agreed to work on a joint action plan on trade for what should be a positive and ambitious transatlantic trade agenda,” according to the EU, echoing statements from both sides. European Commission, ‘A balanced and progressive trade policy to harness globalisation,’ https://ec.europa.eu/commission/priorities/balanced-and-progressive-trade-policy-harness-globalisation_en, accessed 26 February 2018.

² AmCham EU, ‘10th anniversary of the TEC and opportunities for transatlantic cooperation,’ 28 April 2017, <http://www.amchameu.eu/news/10th-anniversary-tec-and-opportunities-transatlantic-cooperation>.

The transatlantic economy

The transatlantic trade and investment relationship is the largest and most economically integrated of its kind in the world. Responsible for around one-third of world GDP and supporting 15 million jobs,³ the success of the EU-US economic relationship has been predicated on a common commitment to free trade, open markets and the rule-of-law. It has helped to ensure the prosperity and security of successive generations of Europeans and Americans, and remains a key driver of growth, innovation and opportunity.

In an age of increased competition and at a time when the rules of the international order are being challenged at every turn, increased transatlantic cooperation is arguably more critical than ever. Analysis suggests that as much as 90 percent of global growth in the next decade will take place outside Europe, one-third of this growth in China alone.⁴ As these international actors become more powerful, they will increasingly challenge the rules, norms and standards which govern the international economy.

Further liberalisation of the transatlantic marketplace would bring substantial economic benefits for businesses, consumers and citizens. Equally important, it would also allow the EU and the US to set new high standards for the rest of the world to follow. The time is now for the EU and the US to work together to help shape the global economy for the decades to come.

Micro-, small- and medium-sized enterprises (MSMEs)

It has been well-documented that small businesses stand to gain more than most from improved transatlantic cooperation. Unlike larger companies, they lack the resources to overcome the costly and burdensome barriers to trade that exists between the two regions.

SMEs are already heavily integrated into the transatlantic economy. However, a variety of challenges exist that restrict and sometimes prevent SMEs from doing business across the Atlantic altogether. A 2014 European Commission report found that small companies face numerous barriers to transatlantic trade, including:

- Compliance with complex technical and customs regulations;
- Lack of access to information or resources;
- Barriers to public procurement; and
- Unnecessary differences in regulations between the two regions.⁵

In a rapidly evolving marketplace which presents as many opportunities as it does challenges for small businesses, it is essential that the EU and the US place SMEs at the heart of their liberalisation efforts.

The TTIP negotiations were one of the first free trade talks to include a dedicated SME chapter. Meanwhile, the EU and the US held its latest 8th SME Workshop on 19 October 2017, signalling its continued efforts to advance the cause of transatlantic small businesses.⁶ The opportunities and issues presented below should be considered always in light of the need to foster improved opportunities, reduced costs and increased access to information and resources for micro-, small- and medium-sized enterprises.

Finally, it should be emphasised that the needs, opportunities and challenges for small and large businesses in the transatlantic economy are interconnected. Larger companies create ecosystems in which small companies can grow and thrive, enabling them to develop products and services for use by larger enterprises and utilising the scale that these companies offer. In turn, large companies rely on smaller companies in order to deliver the

³ Hamilton, Daniel S., and Quinlan, Joseph P., 'The Transatlantic Economy 2018: Annual Survey of Jobs, Trade and Investment between the United States and Europe,' Washington, DC: Center for Transatlantic Relations, 2018.

⁴ European Commission, 'Trade, Growth and Jobs: Commission contribution to the European Council,' February 2013, http://trade.ec.europa.eu/doclib/docs/2013/april/tradoc_151052.pdf.

⁵ European Commission, 'Commission report shows that SMEs stand to make significant gains from the Transatlantic Trade and Investment Partnership (TTIP) between the EU and the US,' 20 April 2015, http://europa.eu/rapid/press-release_IP-15-4802_en.htm.

⁶ European Commission, 'Joint statement from the 8th US-EU SME workshop in the framework of the Transatlantic Economic Council (TEC), (http://trade.ec.europa.eu/doclib/docs/2017/december/tradoc_156466.pdf, accessed 27 February 2018).

high-quality goods and services their customers expect. In a dynamic economy, the success of small and large companies are inextricably linked.

An agenda for improved policy and regulatory cooperation

As part of efforts to reach an ambitious and comprehensive free trade agreement between the EU and the US, the two parties' negotiators and regulators made significant progress in highlighting and in many cases advancing opportunities for enhanced transatlantic cooperation. In a variety of sectors, opportunities to improve the way we do business with each other were identified and practical solutions proposed. The TTIP negotiations also provided the added benefit of improving trust, understanding and cooperation between many EU and US regulators. In some cases, this has already led to tangible outcomes – such as the EU-US Mutual Recognition Agreement (MRA) on Good Manufacturing Practices (GMPs) for pharmaceuticals, which came into effect in November 2017.⁷ It is important that the two parties move quickly to build on the achievements reached on regulatory cooperation during the TTIP negotiations, as well as identifying new opportunities in today's dynamic and fast-moving global economy.

To ensure the continued competitiveness of the transatlantic economy, we identify the following areas which could help build a new, positive agenda for policy and regulatory cooperation:

1. Agriculture

Transatlantic cooperation in the field of agriculture will be essential to meet the challenges posed by a rapidly growing population and rising demand for food products. As leading producers and manufacturers, the EU and US should work closely to level the playing field and seek common production standards at the international level, addressing key issues of regulatory divergence which threaten competitiveness and investment.

- a. **Sustainability:** The EU and US should strive to reach a common understanding and common language by harmonizing diverging definitions of 'sustainability'. Greater collaboration between the EU and US in international organisations such as the International Civil Aviation Organization (ICAO), the International Maritime Organization (IMO) and the UN Framework Convention on Climate Change (UNFCCC), would also help drive the sustainability agenda. However, we believe that this collaboration would be most fruitful after greater regulatory collaboration between EU and US authorities. Pragmatic progress on setting globally recognised standards and mutual recognition would unleash an economic potential that would amplify the message put forward by the EU and US in international organisations.
- b. **GMO/agricultural biotechnology:** There is a significant time lag in EU authorisations for the introduction of biotechnology plants, in comparison to other countries including the US. Both parties should work cooperatively to eliminate risks of trade disruptions by driving for timely, science-based and effective implementation of existing laws for biotech approvals of products.
- c. **Pesticides:** Many issues pertaining to pesticides could benefit from greater regulatory cooperation between authorities in the EU and US. There is a clear need for greater harmonization in the processes for establishing maximum residue limits (MRLs) for pesticide residues. The two parties should both promote science-based risk assessments as the basis for their regulatory frameworks and cooperation.
- d. **Food and feed safety:** The EU and US should in the first instance explore increased cooperation between their respective bodies and agencies, to further strengthen existing dialogue and exchanges of information. In particular, these bodies and agencies should work closely to explore better alignment of food and feed safety requirements and standards.

⁷ European Commission, 'Annex to the Commission Decision on determining the Union position for a Decision of the Joint Committee set up under Article 14 of the Agreement on Mutual Recognition between the European Community and the United States of America, in order to amend the Sectoral Annex on Pharmaceutical Good Manufacturing Practices (GMPs)', 1 March 2017, http://trade.ec.europa.eu/doclib/docs/2017/february/tradoc_155398.pdf.

2. Climate

Climate change is a global issue that requires global solutions. International cooperation is important to advance realistic environmental objectives while minimising impacts on economic growth and competitiveness.

- a. Both parties should work to align on transparent, predictable **climate policies** based on cost/benefit analysis, and allow market prices and open competition to determine the solutions and investments necessary to achieve objectives at the lowest cost to society;
- b. Climate policy should be predictable and trustworthy to incentivise investors to invest in low-carbon technologies. There is huge potential for **innovation and growth** in a wide range of sectors, from energy generation and supply, to transport and construction. To efficiently encourage these developments, further cooperation is needed to support investment in emerging technologies, while ensuring sufficient investment opportunities and economy of scales for on-the-shelf technologies.

3. Digital economy

Nowhere is transformation more evident and more disruptive than in the digital economy. To take full advantage of the enormous potential of the digital revolution, it is critical that the transatlantic regulatory environment adequately reflects the needs of businesses and consumers, and provides unencumbered opportunities for digital businesses of all sizes – from start-ups to SMEs to multinational companies. New technologies are also under constant development and new threats are also emerging at an equally rapid rate. Key priorities include:

- a. Ensuring the continuity of the **Privacy Shield** agreement, of which the first annual review has confirmed its strong foundations;
- b. Enabling cross-border **data flows** and opposing forced data localisation requirements in future mutual trade and investment agreements;
- c. Supporting the development and use of global standards to ensure a global scale in **smart grids, smart cities, intelligent transportation, IoT, advanced manufacturing and 5G**;
- d. Ensuring interoperability frameworks and economies of scale for **Internet of Things (IoT)** and cloud in order to fully unleash the potential of these technologies;
- e. Maintaining the EU-US **cybersecurity** dialogue. In particular, provide common rules (e.g. standards, certifications) on how to guarantee high level of cybersecurity for IoT solutions.
- f. Providing common guidelines on ethics, transparency, accountability and skills in the area of **artificial intelligence (AI)**.

4. Energy

In the context of the transition to a low-carbon economy, cooperation between the US and the EU on energy policy will be more important than ever. The continuation of close dialogue with the US on both an ad-hoc basis, and through the EU-US Energy Council, will also be critical.

- a. **Energy security:** The safe and continuing supply of energy into Europe is critical to the region's economic competitiveness and to continuing to attract inward investment. It is important that the EU works closely with its partners to keep global energy markets open and transparent, and cooperation between the EU and US should form a basis for efforts to this end on the global stage.
- b. **Energy efficiency:** Improvements in energy efficiency will be one of the most effective tools to reduce energy dependency, particularly in the building sector, while providing a competitive advantage to both economies. We take note of the US-EU Energy Council's proposal in 2016⁸ to look into alignment of test and measurement procedures and the convergence of minimum energy performance standards (MEPS), and hope further progress can be made in this area. Both parties should also work closely together to exchange best practices and promote global cooperation.

⁸ Delegation of the EU to the US, 'Joint Statement: US-EU Energy Council,' 4 May 2016, https://eeas.europa.eu/delegations/united-states-america/2817/joint-statement-us-eu-energy-council_en.

5. Environment

Stronger transatlantic cooperation on environmental issues, such as on the identification of chemical substances of concern, waste policy, sustainability reporting and due diligence measures, would greatly reduce the burdens that companies face when operating in both the EU and the US. Greater convergence in these matters promises efficiency gains and cost reduction for industry with strengthened transatlantic business ties. It would also send a strong positive signal that European and American businesses are at the vanguard of corporate citizenship.

- a. **Chemicals regulation:** Greater regulatory coherence and harmonisation of chemical regulations. Through increased harmonisation, industry could reduce compliance costs and greatly decrease the burden of operating in two different regulatory environments.
- b. **Chemicals use:** To allow companies to smoothly function across the Atlantic, there needs to be increased regulatory cooperation in matters relating to chemicals use and exposure limits. Greater cooperation will allow agencies on both sides of the Atlantic to share best practices and develop the most effective regulatory measures.
- c. **Transnational challenges:** Many environmental issues are dominated by their transnational nature, i.e. marine litter etc. The only effective means of finding a solution in these cases, is to promote greater international cooperation in venues such as the UN, G20 or G8.

6. Financial services

AmCham EU is a longstanding supporter of a strong and constructive transatlantic financial services regulatory cooperation. We welcomed the coordinated response by the G20 to the financial crisis of 2008, recognising that international coordination of regulatory reform is the most effective way to deliver financial stability and high common standards, and provides market participants with regulatory stability and certainty to operate.

The creation of the enhanced Joint EU-US Financial Regulatory Forum ('the Forum') in 2016, which built on the successes of the Financial Markets Regulatory Dialogue (FMRD) established back in 2002, demonstrated the continued willingness and importance attributed to such cooperation. Regular exchanges between the regulators of the world's foremost financial centres have helped to enhance understanding, improve efficiency and promote competitiveness on both sides of the Atlantic. Within the framework of this ongoing dialogue, there are a number of key issues which should be addressed to maintain and enhance this cooperation:⁹

- a. **Equivalence:** The hard-fought equivalence agreement between the European Commission and the Commodity Futures Trading Commission (CFTC) on Central counterparty (CCP) recognition is a case in point. Regulators should focus on improving coordination at an earlier stage in the policy development process and include coordination of timetables for implementation; in the absence of coordinated timetables, regulators should consider how to establish a recognition regime that will work amongst jurisdictions at different stages of implementation. A mutual recognition or equivalence regime that is outcomes based should also be pursued. Meanwhile, jurisdictions should not aim for line by line equivalence that risks market disruption and fragmentation that stifle growth. Finally, we should also recognise that discussions are taking place in the context of Brexit –equivalence determination toward the UK should be sufficiently robust from an EU perspective; it is also equally important in the transatlantic context.
- b. **Extraterritoriality:** We have grown increasingly concerned about the divergence in approach between authorities in the US and the EU. Extraterritoriality has appeared into many pieces of financial services legislation, such as rules governing the securities markets and derivatives clearing over the past few years. The result has been increased risk of fragmentation of global markets, with market participants facing substantial uncertainty, overlapping and sometimes conflicting regulation, and some choosing to withdraw from certain markets completely. For instance, the globally inconsistent implementation of Basel III has received much attention, as have the various proposals on ring-fencing. Keeping the

⁹ The views expressed on this subject are set out in more detail in a dedicated position paper issued in 2016. AmCham EU, 'Building a Transatlantic Capital Markets Union': http://www.amchameu.eu/system/files/position_papers/amcham_eu_paper_on_a_transatlantic_cmu.pdf, 3 June 2016.

important transatlantic and global financial markets in mind while implementing the next iteration of prudential and resolution tools will be key to its success.

- c. **Third-Country issues:** Third-country regimes and the related supervisory and regulatory practices determining third-country treatment are a crucial pillar of the EU's financial services policy. However, today, as Brexit negotiations unfold, EU policymakers are considering the future of EU regulatory cooperation with third-country jurisdictions. In this context, the European Commission's CCP Supervision proposal ('European Markets Infrastructure Regulation 2.0' 1), is one of the key aspects of a newly emerging EU approach on how financial firms access European markets from non-EU jurisdictions. While, we welcome ESMA's enhanced role in supervision as well as the enhanced model of joint supervision for tier 2 CCPs. We believe the transatlantic marketplace will be strongly impacted if the EU approach goes down the route of negative recognition/forced relocation.

Authorities on both sides of the Atlantic should look to set an example to governments across the globe and return to the cooperative spirit of the G20 process. Decision-makers should refrain from pursuing unilateral initiatives, which can lead to tit-for-tat retaliatory action, reducing the capital available and in turn threatening the recent upturn in the global economy.

7. Chemicals

- a. **Co-operation in prioritisation of chemicals for assessment and assessment methodologies:** Common prioritisation principles and burden sharing for assessments of high priority chemicals and, where appropriate, categories of substances (e.g. substance evaluation under REACH and high priority targeted risk assessments under the current TSCA and safety determinations under a modernised TSCA). Recognition of each other's data and studies and harmonized standards and methodologies for hazard and risk assessment are necessary for effective burden sharing.
- b. **Scientific cooperation to give advice on chemicals assessment including on new and emerging issues of Trans-Atlantic relevance:** A formalized process to discuss and agree on basic standards and definitions for emerging regulatory issues. To achieve this goal, several options are possible.
- c. **Co-operation on new and emerging issues:** A mechanism for early and close cooperation on emerging scientific issues with regulatory relevance
- d. **Promoting alignment in Classification and Labelling:** A mechanism in place for further aligning classification and labelling based on GHS, reducing or eliminating the need for dual classifications; promoting reciprocity for classification and labelling across the Atlantic and promoting the UN Global List of Classified Chemicals as a common classification inventory.
- e. **Enhanced information sharing and protection of confidential business information (CBI):** Development of a mechanism for data/information sharing between governments including adequate safeguards to ensure the protection of commercial and proprietary interests
- f. **Mutual acceptance of notification/registration of new chemicals:** Mutual acceptance of notification/registration of new substances would benefit innovation as it could provide a possibility for companies to test the market both in EU or the US without delay

8. Cosmetics

- a. **Removal of technical barriers:** The removal of existing technical barriers to trade which relate mainly to regulatory divergences would significantly facilitate access to the markets by reducing industry costs related to the formulation, marketing, labelling and facilitating of supply chain management.
- b. **Harmonisation and/or mutual recognition of testing requirements:** Divergences in testing requirements lead to increased costs for companies that often have to go through different testing methods to enable marketing of the same product both in the EU and the US. The harmonisation and/or the mutual recognition of testing requirements would facilitate a single testing requirement for EU-US

purposes permitting quicker marketing, reduce costs and creating synergies in the supply chains. Harmonisation of the testing requirements would additionally create a strong signal towards international convergence.

- c. **Harmonisation and/or mutual recognition of labelling requirements:** The divergence between the EU and US regulatory systems with respect to labelling requirements of products that are safe creates an enormous burden on companies. This is particularly true where regulations requiring the same formula need to be analysed or presented differently. Alignment of certain labelling requirements on both sides of the Atlantic would lead to a reduction in costs due to simplified logistics with respect to labelling and packaging. More importantly it would improve the level of clarity for customers, thereby enhancing consumer understanding and easy recognition amongst a mobile consumer base which could only benefit from harmonisation of labelling.

9. Healthcare

Further cooperation on regulatory matters between the EU, US and third markets could help movement toward a globally harmonised regulatory system. The European Medicines Agency (EMA) and US Food and Drug Administration (FDA) standards are a model for regulatory agencies across the globe and harmonised requirements between the EMA and FDA would lead to the harmonisation of global standards:

- a. **Pharmaceuticals:** The MRA on GMP inspections for pharmaceuticals was an important outcome that demonstrated the potential for robust transatlantic regulatory cooperation in healthcare. By removing the need for duplicative inspections, it is set to deliver improved outcomes for companies and patients by facilitating the global sourcing of pharmaceuticals and active ingredients while maintaining high standards for consumer safety.
- b. **Medical devices:** The transatlantic medical technology industry is the most advanced in the world. However, the non-tariff barriers caused by a lack of regulatory convergence between the EU and US create an obstacle to more efficient movement of medical devices across the Atlantic, which could ultimately benefit patients on both sides. Cooperation between the regulatory agencies on both sides of the Atlantic is necessary to promote understanding and reduce unnecessary regulatory burden. Rather than attempting comprehensive convergence of these two systems, such as an MRA, it is better to focus on specific areas of ‘convergence’ including: a single audit process; harmonised format for product registration submission; and a common way to trace products through a single unique device identification (UDI) process with interoperable databases.
- c. **AMR:** The fight against Antimicrobial Resistance (AMR) requires global action and a “one health” approach, advocated by policymakers on both sides of the Atlantic. The establishment and ongoing work of the Transatlantic Taskforce on AMR (TATFAR) represents an important step in strengthening international cooperation in the fight against AMR. Transatlantic cooperation between public and private partners in the EU and US has helped to revitalise the antibiotic pipeline, including the clinical development of new antibiotics supported by the Innovative Medicines Initiative (IMI) in the EU and by the Biomedical Advanced Research and Development Authority in the US. We urge stakeholders on both sides of the Atlantic to work together to shape and promote the right policies against AMR. These include: antibiotic stewardship; improved and more coordinated surveillance mechanisms; full recognition and increased uptake of vaccines as a key element to decrease the use of antibiotics, but also of medical technologies (such as medical devices, in-vitro diagnostics, e-health and m-health) to improve prevention, control and monitoring. Finally, and equally important, we urgently need new sustainable and predictable economic models and incentives for antibiotic, vaccine and diagnostic research and development (R&D) in order to secure appropriate investments for the future.
- d. **eHealth:** The EU and US have made important steps in collaboration on eHealth IT, and recently updated the roadmap for their Memorandum of Understanding on transatlantic cooperation on eHealth/ Health information technologies. In order to benefit public health in the long run, data disclosure policies must preserve patient privacy; respect the integrity of regulatory systems; protect intellectual property and conform to legislation, international treaties, and current national practices in patent law.

10. Investment

The EU and the US have long championed the cause of free and fair investment at home and abroad. These efforts have helped make the two regions the most economically attractive places in the world to do business.

- a. **Investment climate:** For a century, the EU and the US have been standard bearers for an open, rules-based global economy. However, in recent times there has been increasing evidence of protectionism on both sides of the Atlantic, mirroring trends globally. It is essential that the two parties continue to promote open investment markets and provide fair access for EU and US companies to each other's markets. Doing so will ensure the ongoing competitiveness of both economies. It will also encourage similar practices globally and could help arrest any backsliding towards protectionism elsewhere.
- b. **Investment protection:** The debate around investment protection and the Investor-to-State Dispute Settlement (ISDS) mechanism in TTIP highlighted the need for a modified approach to this issue to satisfy concerns raised by civil society. A joint effort led by the EU and the US, reflecting on the EU's proposed Investment Court System (ICS) and discussions within NAFTA, could set a new standard for the rest of the world to follow. Such an approach would provide companies with renewed confidence to invest globally, guaranteeing that their investments are treated fairly and on an equal footing with national companies. Given the potential for overlapping processes, it is essential that investor protection provisions are enforceable globally.

11. Intellectual property

Intellectual property rights are a critical protection for the technological and creative innovation that underpins the competitiveness of the EU and US economies today and tomorrow. A strong transatlantic commitment to IPR enforcement and cooperation is important to prevent any lowering of international IP protection standards.

- a. **Further enhance a shared strategy at the international level on IPR enforcement:** The right to use the delivery of a shared strategy should promote the strengthening of local cooperation between the EU and US diplomatic services in third countries.
- b. **Ensure compatibility of tools to combat illicit trade of counterfeit products online:** As illegal online activities harm consumers, legitimate content providers and manufacturers, there should be increased cooperation between the EU and US in collaboration with all Internet actors.
- c. **Protect trade secrets by inclusion of robust protections:** A commitment to strengthen and better harmonise protections for trade secrets both within the EU and US and in third countries.
- d. **Establish an EU counterparts to the US Intellectual Property Enforcement Coordinator:** Specific EU-US coordination could be furthered through the development of enhanced coordination on IP issues at the EU ministerial and parliamentary levels.

12. Security and defence

The transatlantic partnership remains vital in the current global environment in which security threats are increasingly complex and rapidly evolving. In this context, AmCham EU welcomes the strong momentum gained by defence in the EU's Global Strategy and codified by the European Defence Action Plan (EDAP) and its flagship proposal to establish a European Defence Fund (EDF). A more assertive and resilient EU policy in the field of security and defence is instrumental to reinforce NATO and therefore achieve collective security and maintain transatlantic cooperation.

However, in light of protectionist rhetoric from both sides of the Atlantic, AmCham EU would like to recall to EU and US law- and policymakers its core recommendations:

- a. Maintaining and supporting **strong and advanced Defence Technological and Industrial Bases** on both sides of the Atlantic;

- b. Ensuring that **impediments to Transatlantic Defence Technological and Industrial Cooperation (TADIC) are reduced** while the foreign policy and national security interests of the EU, its Member States and the U.S. continue to be protected;
- c. Ensuring reciprocal **openness and accessibility** of defence and security markets;
- d. Promoting the **adoption of best available technologies**, irrespective of their origins, and learning from global experiences to provide the best available level of protection to European and US citizens;
- e. Collaborating in the **standardisation and certification of emerging technologies** such as cyber, artificial intelligence, autonomous systems etc.

13. Trade facilitation and market access

Free trade is fundamental to free enterprise and is essential to expanding economic growth and improving the standards of living of people across the globe. Both parties should work together to eliminate barriers to free trade and facilitate the global movement of goods and services, information, capital and investment in a rules-based free trade and investment system.

Particular to the transatlantic economy, there remain a variety of impediments to trade that could and should be resolved in order to increase the competitiveness of transatlantic firms:

- a. **Tariffs:** Tariffs between the EU and the US are low but remain stubbornly high in certain sectors. During the TTIP negotiations, the EU and the US agreed to eliminate 97 percent of all remaining transatlantic tariffs. Pressing ahead with these reductions – even outside of a comprehensive trade agreement – would enhance the competitiveness of both economies and send a message that the EU and the US remain committed to free trade and open markets.
- b. **De minimis:** Raising the de minimis threshold for customs duties and other taxes to \$800 (or a Euro equivalent) could liberate businesses of all sizes – and in particular small and medium-sized enterprises (SMEs) – from costly and administratively burdensome processes, increasing their capacity to trade internationally.
- c. **Mutual Recognition for Trusted Traders programs (C-TPAT and AEO):** The two parties should work towards electronic pre-clearance based on advanced data for goods moving in either direction across the transatlantic border. In addition, leaders should seek to build on the existing World Customs Organization guidelines for the immediate release of consignments for which necessary customs information has already been provided, and adopt a common position to facilitate the movement of such goods between the EU and the US.

14. Transport

The transport sector is fundamentally international and strong transnational policy cooperation is required. In other words, maintaining an international level playing field goes hand in hand with finding global solutions for global challenges, crucial for the environment and competitiveness of Europe.

- a. **Aviation:** The revision of the European Aviation Safety Agency (EASA) Basic Regulation offers an opportunity to pursue a more harmonised approach with the Federal Aviation Agency (FAA) alongside alignment with ICAO. EASA should work closely with the FAA to promote regulatory convergence and global harmonisation.
- b. More broadly, we encourage further **liberalisation of international air service** to develop an open and flexible global aviation system that delivers increased market access and operational flexibility for airlines and greater choice and lower fares for travellers.
- c. **Climate:** measures to address aviation and shipping emissions are best taken through cooperation with key partners at the international level such as ICAO and IMO – rather than through regional solutions.
- d. **Logistics:** Interoperability of logistics standards should be made a priority.
- e. **Automotive:** Both sides should look to pursue work on regulatory cooperation in the following areas:
 - i. **Safety regulations:** Harmonization of current and future automotive safety regulations.

- ii. **International fora and process:** Improving and strengthening the UN WP.29 Global Technical Regulation (GTR) process.
- iii. **Research:** Intensified cooperation with the view to setting up future joint research programmes e.g. on automation, connectivity and crash tests.

Conclusion

The EU and the US are historic allies and partners, sharing a common history and united by shared values and interests. The value of this relationship is particularly evident in the enduring strength of the transatlantic economy and the stability and prosperity it brings. However, EU-US ties are currently being tested in new and complex ways. New challenges are emerging in the bilateral relationship, at the same time that powerful new economies are gaining prominence and contesting the norms and standards of the liberal economic order.

Managing these challenges will be crucial and will require strong political leadership. It is essential that the two parties build on the achievements made during the TTIP negotiations and work constructively to develop a positive new agenda for transatlantic cooperation. This paper, which underscores the continued potential of deepened economic ties, is part of a broader effort by the business community to maintain and strengthen the EU-US relationship for the years to come. AmCham EU looks forward to working with policymakers and stakeholders on both sides of the Atlantic in pursuit of this important goal.