

Our position

Implementing the EU-US Framework Agreement

Priorities for adopting the Commission's tariff reduction proposals



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 €4 trillion in 2023, directly supports more than 4.6 million jobs in Europe, and generates billions of euros annually in income, trade and research and development.

Executive summary

Implementation of the EU–US Framework Agreement is essential to bring greater stability to transatlantic trade and investment. With the Commission’s tariff reduction proposals now before the European Parliament and the Council of the EU, swift adoption is critical to help businesses plan ahead. The co-legislators should therefore: 1) stick to the agreed scope, 2) avoid unnecessary duplication and 3) focus on restoring predictability for businesses. Following these principles will ensure the EU and the US can continue building on the Agreement while preventing a tit-for-tat that would harm both sides.

Introduction

The first phase of implementing the EU-US Framework Agreement is underway. In late August, the European Commission published its implementation package including two tariff reduction legislative proposals. Soon after, the US administration responded with its Federal Register Notice to update its tariff schedule on EU products like cars, aircraft and aircraft parts and generic medicines, followed by the US Customs and Border Protection guidance to reflect changes in the duty treatment. Now, the responsibility falls on the European Parliament and the Council of the EU to swiftly adopt the Commission’s proposals.

As the co-legislators work to pass these proposals, the priority should be to create a stable environment for businesses. AmCham EU is fundamentally opposed to broad-based tariffs, which also adversely affect American companies in Europe, and recognises the importance of defending EU interests. However, we support the Framework Agreement as the best path to restore predictability in transatlantic trade and investment. It averted the imposition of a 30% tariff and escalation of retaliatory measures, maintained the EU’s competitive edge compared to other US trading partners and strengthened the potential for EU-US cooperation on shared challenges.

The transatlantic economy – worth €8.7 trillion – remains the world’s largest and most consequential commercial partnership. EU citizens and businesses benefit greatly from deep transatlantic economic integration, particularly in areas such as FDI, trade, affiliate sales of goods and services, digital connectivity, energy, mutual R&D investment, patent cooperation, technology transfers and banking claims. To preserve this critical source of jobs and growth, the Parliament and Council should prioritise the following three principles when adopting the tariff reduction proposals.

1. Stick to the agreed scope

The objective of the current process is to review the Commission’s specific proposals on tariff reductions – not the broader EU-US Framework Agreement. The Agreement covers more than just tariffs. It also provides a platform for cooperation on common priorities, including cybersecurity, economic security, digital trade, supply chain resilience and defence capabilities. Using the tariff reduction proposals to now make significant unilateral changes to the Framework Agreement – in effect, re-opening it – would jeopardise the deal as a whole.

In particular, the Parliament and Council should refrain from tabling amendments that do not align with the commitments the EU has taken up. For example, the EU agreed to reduce its tariffs on *all* US industrial goods, so amending **provisions on steel and aluminium** would not be faithful to this agreement. Outstanding issues over steel and aluminium should not be addressed unilaterally with

this Regulation, but rather in subsequent bilateral EU-US negotiations. The Commission's proposed Regulation to address global steel overcapacity, for instance, provides a more appropriate avenue for engaging with the US on resolving the dispute over steel and aluminium tariffs.

The same is true for **standstill commitments**. Such commitments are urgently needed to reduce disruption from future tariffs. However, this is a matter best reserved for future EU-US negotiations, as they fall outside the scope of the Framework Agreement.

2. Avoid unnecessary duplication

Establishing **new autonomous instruments and trade defence tools** via this Regulation – when such tools already exist – is counterproductive and risks adding complexity for businesses. The EU has at its disposal a vast arsenal of measures to address issues like economic coercion, security risks and trade diversion. Importantly, existing tools like the Anti-Coercion Instrument (ACI) and **safeguard procedures** require essential due processes, including consultations or investigations, determination of the existence of economic coercion and clear involvement of the co-legislators and stakeholders.

In the same vein, while it is important to protect the EU's economic interests, introducing a **suspension clause** in this Regulation would not offer equivalent procedural safeguards and would risk duplicating mechanisms that are already in place. The EU still has the option to reimpose retaliatory measures against the US – should the situation require it – to ensure that the US fully honours its commitments and without adding unnecessary complexity through this Regulation. The original suspension of these measures was intended to support constructive dialogue. By continuing to uphold this approach, the EU and the US can keep making progress on common goals without creating additional barriers.

3. Restore predictability for businesses

The Regulation should empower the EU and the US to enhance predictability in their trading relationship – not introduce further risks that could hinder the Framework Agreement's implementation. For example, a **sunset clause** – particularly a short one – would create considerable uncertainty, undermining the durability of each side's commitments and limiting companies' ability to plan ahead. Such a clause could also be used for political leverage, to threaten non-renewal or renegotiations, leading to less favourable terms for the parties and discouraging investment. In future, other EU trading partners might demand similar clauses, weakening the EU's ability to secure durable, rules-based trade agreements.

Allowing the Parliament and Council to revoke the delegation of powers to the Commission at 'any time' would similarly not guarantee sufficient stability. The Regulation should work through implementing acts, as outlined in the Commission's proposal.