

## Our position

# Transatlantic Initiative on Sustainable Trade (TIST) Survey

AmCham EU reply

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 €3.7 trillion in 2022, directly supports more than 4.9 million jobs in Europe, and generates billions of euros annually in income, trade and research and development.

## AmCham EU general remarks

We understand that Transatlantic Initiative on Sustainable Trade is complementary to the work of some of the existing working groups of the Trade and Technology Council (TTC). EU and US should therefore ensure a close coordination between the TTC and the TIST discussions.

Overall, TIST should make existing laws, regulations, standards, procedures and approaches more consistent and compatible to avoid costly and burdensome duplications in administrative processes, testing, design, research and development as well as to facilitate trade. TIST should therefore avoid the introduction of substantial new regulations, overlapping or contradicting requirements.

## Reply to TIST survey

1. *The TIST programme provides that the EU and the U.S. should advance cooperation on conformity assessment with the aim to reduce red tape and contribute to promote the green transition. **Which goods do you think this cooperation should cover as a priority and why?***

- EU and US should seek to advance their work on Mutual Recognition Agreement (MRA) on conformity assessment for machinery and electrical equipment.
- The EU is addressing specific sectors through the digital product passport under the Ecodesign for Responsible Product Regulation (ESPR) and the US is looking at various industries through the Federal Trade Commission Green Guide process. Thus, policymakers should prioritise collaboration around these market sectors. Priority industries could be electronics & ICT, textiles and construction & buildings.
- EU and US should cooperate on developing an enabling regulatory framework – including promoting fast track regulatory approval of “green”, renewable or circular alternative to fossil carbon content in final products, such as recycled, bio-based, carbon captured use to promote investment and market creation. Both sides could consider mutual recognition in order to promote demand signals to incentivize more sustainable investment.
- EU and US should consider e-labelling solutions to facilitate evidence of product compliance, reduce paper, increase accessibility and remove barriers for products and services, notably in the ICT sector.

2. *The TIST work programme also provides more generally that the EU and the U.S. should launch work on the identification of sectors and potential cooperation to grow mutual trade and support the green transition and promote circular economy objectives. **What sectors do you consider a priority and what trade facilitating actions should the EU and the US focus on? What specific sectors would you highlight as priority for EU-US regulatory cooperation?***

Concerning the overall EU-US cooperation on decarbonization, AmCham EU recommends:

- Developing common EU-US definitions of environmental goods and services to promote policies that support a transition to low-carbon economy and further address climate change.
- Creating a joint framework on trade related climate measures, such as the Carbon Border Adjustment Mechanism (CBAM) to support a global green transition, a green transatlantic marketplace and to avoid unintended trade barriers and trade tensions. We fully support and suggest to include in the TIST cooperation on measuring embedded emissions (building on TTC WG2's work). Further priorities should include cooperation on carbon-pricing mechanisms and on interoperability of carbon accounting, ESG disclosures and reporting and joint taxonomies for sustainable finance leveraging the work done by the EU.
- Establishing a joint framework on standards to facilitate the expansion of e-mobility and its charging eco-system<sup>1</sup>. Closer and coordinated collaboration in Standards Development Organisations and UNECE as regards the charging infrastructure standards for battery electric and hydrogen vehicles. For hydrogen, a common (global) standard for high-flow and liquid H2 fuelling should be part of future standards to facilitate the uptake of hydrogen for heavy duty vehicles.

Concerning the overall cooperation on circular economy, AmCham EU recommends :

- Promoting jointly a more circular economy should include advanced recycling and waste management.
- Aligning on definitions and international standards on recyclability.
- Cooperating across the Atlantic to advance and facilitate recycling technologies and infrastructures, repair and “take back” schemes.
- Sharing best practices to create a strong market for secondary raw materials.
- Aligning and streamlining of waste monitoring compliance reports.
- Developing joint approaches to initiatives such as Extended Producer Responsibility (EPR) schemes, recycled plastics standards, electric vehicle battery passport and the Digital Product Passport.

Concerning the cooperation on specific sectors, products and materials, AmCham EU recommends:

- **Steel and aluminum:** Both sides should enhance cooperation on green steel and green aluminum, possibly building on cooperation in the context of the Global Sustainable Arrangement for Steel and Aluminum negotiations.
- **Raw materials:**
  - In view of the upcoming negotiations on a transatlantic Critical Minerals Agreement, it should be clarified how TIST (and the TTC) interacts with the scope and content of the Critical Minerals Agreement.
  - Like the recent US-Japan agreement, the EU-US agreement should, at a minimum, bilaterally eliminate export duties on a range of critical minerals used in battery production, as well as provide for acceptance and implementation of existing international labour standards in mineral extraction and processing.

---

<sup>1</sup> „Transatlantic Technical Recommendations for Government Funded Implementation of Electric Vehicle Charging Infrastructure“ May 2023

- The EU and the US should work towards increasing responsible investment for near-term rare earth elements and critical minerals projects to avoid strong dependencies from third countries. Furthermore, the EU and US could develop joint extraction and/or processing ventures in strategic third countries through either the EU Global Gateway project or the US/G7 Partnership for Global Infrastructure and Investment.
- **Automotive:**
  - The EU is currently reviewing its End-of-Life Vehicles Directive which regulates the recycling and disposal of motor vehicles in line with circular economy goals of the European Green Deal.
  - EU and US should focus on joint and coordinated approaches to address circularity along the whole life cycle of motor vehicles and to ensure coherence that supports best practices on sustainable design.
- **Digital services and products:**
  - Promote the role of digital services and products in decarbonisation and identify ways to accelerate deployment through trade facilitation, including in third countries. This work should also include joint R&D programs, green digital skills and initiatives enabling data sharing.
  - Align green public procurement regimes and publish a catalogue on EU and US best practices on procurement.
  - Leverage the existing work of initiatives such as the European Green Digital Coalition and ITU Green Digital Action looking at KPIs, methodologies, tools and solutions to measure and support the net impact of green digital technologies on the environment and climate.
  - Facilitate access to investments in clean technologies and prevent discrimination on both sides of the Atlantic.
- **Electronics & ICT (including semiconductors and mattresses), Energy (Solar), Textiles (including footwear) and Construction & buildings:** Promote trade facilitating measures such as:
  - Alignment of work on accounting methodologies.
  - Harmonised standards for recycled plastics content and related certifications schemes to talk to each other and reduce administrative burdens along value chain
  - Common definition for key materials including “end of life”, “waste”, “feedstock”.
  - Common customs standards for movement of potential secondary raw materials (circular feedstock from recycling to use back in production processes of recycled plastics).
  - Potential third party certification for “renewable carbon content customs” procedures, such as bio based, recycled content or carbon capture and utilization (CCU) content.
  - Data transparency including exchange of data to promote value chain transparency while protecting confidential business information.
  - Aligned approach to cross border facilitation of EPR fees, including mandatory eco-modulation based on design for recycling and renewable carbon content use (recycled, bio, CCU...)

**3. Which digital tools, such as electronic invoices, electronic document formats or product passports, that enhance bilateral trade and underpin EU and U.S. supply chains *are central to the green transition and could merit cooperation between the EU and the U.S.?***

We fully support the idea of enhancing bilateral trade to support the green transition and its supply chains via digital tools. To facilitate trade, the EU and the US should align their approaches to digital tools in general including digital exporting technologies, digitalising trade and customs clearance and interoperable frameworks.

However, in our view there should be no distinction in the customs procedures and/or digital tools for ‘green goods’ and ‘non-green goods’. This also applies for the Authorized Economic Operators (AEO) programs.

Among the digital tools that could enhance bilateral trade between the EU and the US, AmCham EU highlights the following as main priorities:

- **Paperless trade:** the cross-border movement of goods should be completely digitalized and paperless to facilitate trade and customs clearance: e-labelling, electronic documents, electronic certificates, digital signatures on trade import/export documents, mutually recognised templates for commercial invoices, e-invoicing.
  - **Digital commerce taxation:** simplification processes below certain value thresholds is necessary, in particular by simplifying the calculation, collection and government remittance of duties and taxes on low-value shipments.
  - **Interoperability:** EU and US should collaborate on common principles and interoperable frameworks on digital trade, digital regulations and customs regimes to avoid discrimination and ensure that American and European SMEs can use digital tools and exporting technologies in either jurisdiction.
  - **SMEs:** A large number of SMEs is already engaged in transatlantic trade, but digitalization could help more companies to reap the benefits of the transatlantic economy. Under the TTC, EU and US should further cooperate on identify gaps that currently prevent US and EU small businesses from accessing and using digital tools and exporting technologies, as well as cooperating on upgrading digital skills.
  - **Capacity building:** EU and US should further cooperate on capacity building in third markets to promote efficient, sustainable customs procedures including adopting digital documentation and electronic ‘single window’ processing.
4. *On important building block of the TIST work program regards the promotion of resilient and sustainable supply chains that underpin the green transition. The assessment of the risks of disruptions is an important part of the envisaged cooperation. A first focus will be the solar industry. **Which other supply chains should be covered? Why? What priority actions should be considered to avoid potential disruptions and excessive dependencies in supply chains that are strategic for the green transition?***

Additional supply chains, in particular the technologies and products highlighted below, are important and strategic elements for the green transition. However, the mentioned risk assessment or mapping of supply chains should avoid additional regulatory burden for companies and be aligned and coherent with the objectives of the EU Critical Materials Act and the EU Net Zero Industry Act.

Mapping should be the basis for consistent government policy that would support and enable innovation – from incentives through to enabling regulatory policy. EU and US should coordinate mapping of not only critical raw (or rare) materials) but essential materials critical to manufacturing solar, semiconductor, EV batteries, medical devices and other industries necessary to the green transition as well as promoting social development.

The EU and US should also continue to align measures with their G7 partners to facilitate greater supply chain security and resilience for critical technologies and products.

Possible additional supply chains to be covered could be the following:

- Batteries for electric vehicles
- Wind turbines
- Grids
- Hydrogen
- Power electronics, semiconductors
- Heat pumps
- Electrolysers
- Fuel cells

**5. The EU and U.S. also aim to promote resiliency and sustainability in value chains, enhancing the transparency of business' operations and the traceability of products. Taking into account the global due diligence standards (OECD), how can the EU and the U.S. further promote transparency and traceability across supply chains? What actions or tools should in your view be considered?**

*\*reference to the recently updated OECD MNE Guidelines for responsible Business Conduct.*

- The EU and the US should seek to harmonise their due diligence approaches and work to eradicate the use of forced labour in supply chains. A risk-based approach based on UNGPs, OECD MNE guidelines and ILO Conventions is critical to enable businesses to focus on enforcing due diligence.
- The EU and the US should also look at successful collaborative partnerships and industry initiatives, including the training of suppliers, and consider multistakeholder projects to create more leverage and respond to existing trade and compliance challenges.
- The involvement of business and other stakeholders is crucial in this regard. As announced in the joint declaration of the 4<sup>th</sup> TTC Ministerial Meeting in May 2023, both sides should establish a multi-stakeholder task force to identify technical areas of implementation of transatlantic due diligence legislation (and forced labour laws) with a view to enhancing global policy coherence.
- EU and US should further align to promote global standards of ESG and sustainability reporting criteria to enhance transparency and comparability. This could also facilitate government support and incentives to help the industry in its green and net-zero transition.