

Priorities to secure outcomes at the EU-U.S. Trade and Technology Council



1 December 2022

Europe and the U.S. remain each other's most important markets and geo-economic base. The transatlantic economy generates \$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.¹

Trade alone is however a misleading benchmark of international commerce. Mutual investment dwarfs trade and is the real backbone of the transatlantic economy. The U.S. and Europe are each other's primary source and destination for foreign direct investment (FDI).

In an increasingly challenging global environment, it is clearer than ever that a resilient and strong transatlantic relationship is also necessary to face the challenges to democracy and the rules-based international trading system.

The European Round Table for Industry (ERT) at the outset recognised the Trade and Technology Council (TTC) as a vital opportunity for the EU and U.S. to jointly pursue their future trade, economic and technology leadership objectives. Similarly, ERT now believes that the time has come to turn the TTC opportunity into action. Grouped within the four overarching priorities below, ERT puts forward a set of key recommendations on the outcomes that should be secured at the forthcoming high-level meeting expected in early December 2022.

Overarching priority 1: Safeguard the international order based on the rule of law, multilateral institutions and free trade

- Establish a **trade coordination dialogue** to discuss shared trade concerns in third countries and emerging bilateral trade irritants.
- Find a negotiated solution to address the EU's concerns regarding the **U.S. Inflation Reduction Act (IRA)**, especially those provisions that are discriminatory against foreign companies and incompliant with WTO rules.
- Deliver a joint action plan to address **obstacles to free trade and challenges from non-market economies**, notably economic coercion, trade-distorting subsidies, export financing, forced technology transfers, and substandard IP protection and enforcement.
- Agree on a joint **World Trade Organisation (WTO) reform** agenda, including urgent reform of the dispute settlement system / Appellate Body, addressing unfair trade practices, facilitating plurilateral negotiations and stakeholder engagement.
- Prioritise the commitments on **digital trade** and address unjustified data localisation requirements, mandated disclosure of source code, and tariffs on digital goods and services – at bilateral and WTO level.

¹ http://www.amchameu.eu/system/files/documents/te2022_pocket.pdf

Overarching priority 2: Secure ambitions for global digital leadership

- Implement the **EU-U.S. Data Privacy Framework** agreement in replacement of the Privacy Shield and ensure its sustainability by adequately addressing the concerns raised by the Court of Justice of the EU in the Schrems II case.
- Actively engage in closer **joint research cooperation** in the areas of 6G, AI and semiconductors. Take immediate action on aligning on a joint transatlantic 6G research agenda. Convene dedicated expert roundtable on 6G research to collect insights on research projects already underway and concrete proposals for TTC.
- Promote innovation through the protection of strong **intellectual property (IP) rights** (incl. patents and copyrights) and collaboration in R&D investments (incl. licensing of IP and appropriate technology transfer).
- Commit to actively cooperating and seeking **compatible approaches on regulation related to emerging technology issues** such as AI and digital identity, as done in the Digital Economy Partnership Agreement (DEPA).²
- Play a leading role as a **global and consistent standard setter**, including on regulation, in areas where standards do not yet exist, especially for emerging technologies such as AI and 6G. Coordinate U.S.-EU actions in organisations such as the ITU (e.g. on the use of AI to increase the efficiency of telecom networks).
- Commit to supporting open standards in line with **WTO/Technical Barriers to Trade (TBT) principles for international standards development** in respective domestic regulatory frameworks and third-country engagements.³
- Actively share information regarding approaches to building energy efficiency, security and resilience in the **global Information and Communication Technology and Services (ICTS) supply chain** and networks, including fibre and 5G, subsea cables, data centres, semiconductors and cloud infrastructure. Ensure EU-U.S. cooperation aiming to support **ICT infrastructure investments** in third countries is done on technology-neutral terms while fostering competition and security.

Overarching priority 3: Accelerate joint actions on energy and climate

- Coordinate measures to reduce **Europe's reliance on Russian energy** and increase energy exports to Europe from U.S. and others at affordable prices.
- Prioritise and accelerate **international cooperation on trade and climate policy** and deployment of clean technologies including hydrogen for aviation, e.g. at WTO level.
- Promote **effective and harmonised carbon pricing** across regions and assess together cross-border climate measures and consult closely with industry on design as well as assure compliance with international obligations.
- Create an **enabling environment for low-carbon products** by reducing tariff and non-tariff barriers to trade in clean technologies, e.g. at WTO level.
- Facilitate the transition to a **resource-efficient circular economy** by reducing tariff and non-tariff barriers to trade in secondary raw materials and recycled and remanufactured goods – at bilateral as well as at WTO and WCO level.
- Collaborate on advancing the **digitalisation of energy grids** in order to increase energy efficiency and reduce the energy consumption of our economies and societies.

² Between Chile, New Zealand and Singapore.

³ See also G7 UK (2021)

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/986159/Annex_1_Framework_for_G7_collaboration_on_Digital_Technical_Standards.pdf and G7 Germany (2022) Item 19 <https://www.bundesregierung.de/resource/blob/998440/2038510/e8ce1d2f3b08477eeb2933bf2f14424a/2022-05-11-g7-ministerial-declaration-digital-ministers-meeting-en-data.pdf?download=1>

Overarching priority 4: Strengthen transatlantic cooperation to foster resilience of supply chains

- Continue close cooperation on **sanctions on Russia**. Build on useful past coordination on imposition and enforcement of sanctions between the U.S. and EU, and other allies. Continue to build on multilateral efforts in response to Russia's invasion of Ukraine to accelerate cooperation and alignment on defining entities subject to export controls, targeting specific products of concern, and better alignment on general and specific licensing practices.
- Share information and collaborate on aligning **investment screening** criteria, including work on a more transparent and precise definition of 'national security and order' in the context of foreign direct investment to increase legal certainty for investment, cognisant of variance in national security concerns across the countries. Enhance each other's understanding of the respective investment screening regimes (CFIUS, FDI Screening Regulation)
- Map **raw materials'** current and expected future dependencies, for both metal-based and organic materials, based on their strategic value for the EU & U.S. society and economy as well as their digital and green transition – going beyond the scope of the EU's current critical raw materials list (e.g. rare earth magnets for windmill farms). Closely collaborate on dedicated measures (e.g. market monitoring) to support supply chain resilience for raw materials, goods, and technologies such as semiconductors, e-batteries, and communication networks. Avoid a subsidy race.
- Remove remaining **Section 232 tariff-rate quotas** and restrictions and work with industry on the green steel and aluminium initiative.
- Keep **public procurement markets** open for each other's companies.
- Agree on the **mutual recognition of conformity assessments** for industrial products and of standard certification in areas such as medical devices and pharmaceuticals. Strive for harmonised regulatory cooperation in the chemical sector. Enhance regulatory cooperation on future technologies in the automotive sector.