



## Statement of the U.S. Chamber of Commerce

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**ON: “Negotiating Objectives for a U.S.-European Union Trade Agreement”**

**TO: Office of the U.S. Trade Representative**

**BY: U.S. Chamber of Commerce**

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The Chamber’s mission is to advance human progress through an economic, political and social system based on individual freedom, incentive, initiative, opportunity and responsibility.

The U.S. Chamber of Commerce is the world's largest business federation representing the interests of more than three million businesses of all sizes, sectors, and regions, as well as state and local chambers and industry associations. The Chamber is dedicated to promoting, protecting, and defending America's free enterprise system.

More than 96% of Chamber member companies have fewer than 100 employees, and many of the nation's largest companies are also active members. We are therefore cognizant not only of the challenges facing smaller businesses, but also those facing the business community at large.

Besides representing a cross-section of the American business community with respect to the number of employees, major classifications of American business—e.g., manufacturing, retailing, services, construction, wholesalers, and finance—are represented. The Chamber has membership in all 50 states.

The Chamber's international reach is substantial as well. In addition to 117 American Chambers of Commerce abroad, an increasing number of our members engage in the export and import of both goods and services and have ongoing investment activities. The Chamber favors strengthened international competitiveness and opposes artificial U.S. and foreign barriers to international business.

The U.S. Chamber of Commerce appreciates the opportunity to present the following testimony in response to the Office of the U.S. Trade Representative's Federal Register Notice entitled *Negotiating Objectives for a U.S. European Union Trade Agreement*.

The U.S. business community is encouraged that the U.S. and the European Union (EU) have returned to the negotiating table and are committed to securing tangible improvements in the transatlantic commercial relationship. In recent years, the EU has negotiated major new market opening agreements with a number of countries. Indeed, just this week the European Parliament ratified an agreement between the EU and Japan, a deal that is expected to enter into force early next year. It is vital that the U.S. pursue a robust and positive trade agenda, and these negotiations with the EU present an important opportunity to do just that. We cannot afford to fall further behind in securing closer commercial ties with our allies and major trading partners.

In keeping with the Chamber's mission to advocate for free enterprise, competitive markets, and rules-based trade and investment, one of the Chamber's primary objectives in these negotiations will be to pursue measures that remove—and do not raise—barriers to trade. To ensure this, we recommend hewing closely to the negotiating objectives established in the Trade Promotion Authority law.

There are a range of near term opportunities for forward momentum in the transatlantic economic relationship. Taken collectively, these measures would provide a significant boost to the U.S. economy and strengthen our partnership with Europe at a time when joint leadership is essential. Among the near term opportunities, the two sides should strive to:

- Remove expeditiously the U.S. Section 232 tariffs on steel and aluminum imports from the EU and the corresponding EU retaliatory measures.

- Avoid imposition of new Section 232 tariffs on imported autos or auto parts.
- Eliminate all tariffs on non-auto industrial goods, as agreed in the presidential joint statement in July.
- Eliminate or significantly streamline licensing requirements for U.S. LNG exports to non-FTA partner countries such as the EU.
- Resolve longstanding market access issues, such as increasing EU imports of non-hormone treated beef from the U.S.
- Agree to maintain existing market access levels for services, and establish a framework for cooperation towards elimination of services trade restrictions in third countries.
- Launch a dialogue on standards and conformity assessment that includes active stakeholder engagement.

Our written submission identifies additional opportunities for near term advances in several sectors, including automobiles, energy, medical devices, chemicals, pharmaceuticals, agriculture and biotechnology, and services - including financial services and express delivery.

There are also clearly several long-standing barriers to transatlantic trade and investment whose elimination would significantly boost the long-term economic outlook on both sides of the Atlantic. Greater cooperation in these areas would also provide a pathway for joint leadership in response to shared challenges in a rapidly changing global economy. As a result of this U.S.-EU dialogue, the two sides should:

- Cooperate to protect companies and workers from non-market oriented policies and practices by third countries.
- Work together to strengthen global trade rules and institutions, including via ongoing U.S.-EU-Japan trilateral talks.
- Promote binding commitments to increase services market access, including for new services.
- Address non-science-based restrictions on agricultural trade in a transparent and timely fashion.

- Establish new rules to protect trade secrets, eliminate forced technology transfers, and reduce barriers to foreign direct investment.
- Ensure the highest standards of intellectual property protection across all industries to enhance leadership in innovative industries.
- Create new meaningful regulatory cooperation dialogues.
- Formalize a joint commitment to follow good regulatory practices.
- Pursue new sectoral agreements that minimize duplicative testing and certification requirements.
- Promote effective regulatory cooperation to jointly address emerging technologies and prevent unnecessary regulatory divergences
- Prevent restrictions on the free flow of data.

As we begin these new negotiations, the business community has looked to recent agreements including the United States-Mexico-Canada Agreement (USMCA) for signals of where USTR will seek to take these negotiations. Our reactions are mixed.

On the one hand, USMCA included very strong provisions in a number of rules chapters, some of which surpass the quality achieved in any earlier U.S. trade agreement. Among the successes are chapters on Digital Trade, Intellectual Property, Financial Services, Sanitary and Phytosanitary Measures, Technical Barriers to Trade, Competition Policy, State-Owned Enterprises, Good Regulatory Practices, Telecommunications, and Customs and Trade Facilitation.

However, the USMCA fell short in other areas.

USMCA outcomes on investment protection, government procurement, *de minimis*, and Canada's cultural exemption are disappointing and must not be viewed as precedents for future trade agreements. Other USMCA elements of concern are those that appear to be managed trade measures that limit trade and may violate the World Trade Organization (WTO) Agreement on Safeguards.

The Chamber encourages the U.S. and the EU to negotiate in good faith to expand our trade and investment relationship. We are each other's largest trade and investment partners, and approximately 15 million high-paying jobs rely on that trade and investment today. There are multiple opportunities to deepen and expand our economic ties, and to collaborate to address common challenges in the world economy. By contrast, raising new barriers between the U.S. and EU would be counterproductive and undercut growth in both economies.

We welcome the opportunity to continue to provide input and work with you as these negotiations progress.