

U.S.-EU Trade & Technology Council: Priorities for the 2nd Ministerial

May 3, 2022

Ahead of the May 15-16 ministerial meeting of the U.S.-EU Trade and Technology Council (TTC), the transatlantic business community reiterates a firm commitment to doing our part to ensure the success of this important initiative. Enhanced cooperation between the United States and the European Union has always been essential—and recent geopolitical, economic, and global health challenges have doubly underscored the value of collaboration.

We have seen encouraging and important advancements in transatlantic cooperation in recent months. We applaud progress towards final resolution of disputes concerning large civil aircraft and steel and aluminum, and we urge the EU and U.S. to complete this work quickly. In addition, the U.S. and EU recently have demonstrated extensive and sustained collaboration on sanctions and export controls on Russia and Belarus in response to Russia's invasion of Ukraine. This collaboration helps to ensure that companies on both sides of the Atlantic are operating on a level playing field. Lastly, President Biden and Commission President von der Leyen recently announced a commitment to expand U.S. energy exports to Europe, as well as an agreement in principle to support transatlantic data transfers. These are all welcome developments, and next month's ministerial must build on this progress and deliver concrete actions.

Just as we have seen unprecedented U.S.-EU coordination on export controls and sanctions vis-à-vis Russia, the TTC must facilitate similar coordination in other areas as well, including on a range of China-related concerns, diverging U.S. and EU digital policies, increasing digital protectionism, emerging and foundational technologies, supply chain security and resiliency, enhancement of plurilateral trading arrangements, a roadmap for addressing the WTO Appellate Body crisis as well as joint efforts to achieve successful outcomes at the upcoming WTO ministerial, and joint work to promote energy and food security. We also would like to see a stronger commitment to increase bilateral trade and investment, for example through an agreement to further reduce industrial tariffs. All these priorities have taken on greater importance considering the pandemic, Russia's aggression, supply chain interruptions tied to Covid-19 outbreaks in China, and other economic headwinds.

Following are six important deliverables for the upcoming TTC ministerial.

1. **Third Country Cooperation:** The business community supports the U.S. and EU's efforts to coordinate sanctions and export control responses to Russia's invasion of Ukraine. At the same time, **policymakers must not lose sight of the need to respond forcefully to restrictive third-country measures, including principally China's anticompetitive market practices.** We urge policymakers to increase efforts to coordinate meaningful, near-term responses to address China's discriminatory data and forced technology transfer policies and other practices that inhibit fair competition or otherwise penalize non-Chinese companies. We equally urge the U.S. and EU to coordinate more closely on, and bring together their combined resources, to address **coercive and restrictive regulatory and legal policies and actions that undermine market access, intellectual property rights, and cross-border data flows in other major emerging markets.**

We further urge both governments to use the ministerial to announce a plan to tackle such concerns through **tangible, coordinated actions to address long-standing structural challenges** in the Chinese economy such as industrial subsidies.

2. **AI and Emerging Technology:** As the U.S. and EU consider new policy frameworks governing the use and development of artificial intelligence (AI) systems and other emerging technologies, both should take concrete steps to **encourage greater adoption of key technologies and avoid divergent regulatory approaches that risk creating an uneven playing field.** Every effort should be made to create coordinated and compatible frameworks wherever possible to build consumer and business trust—and to **avoid imposing new and unnecessary market access barriers** on either side of the Atlantic. To foster closer cooperation and joint investments, the U.S. and EU **should support research collaboration within areas such as 6G, AI, semiconductors, and advanced manufacturing with adherence to WTO/TBT principles** for international standards development.
3. **Supply Chain Security:** Russia's invasion of Ukraine has underlined the urgent need for greater transatlantic action to secure global supply chains as we face the growing threat of global food shortages and the urgent need to expand extraction and production of strategic raw materials and minerals that are essential to the green and digital transitions. **Work should quickly move beyond joint assessments of critical dependencies to focus on concrete ways to incentivize increased cooperation and production on both sides of the Atlantic, including removal of barriers that restrict trade and adopting trade facilitative measures.** This work should be done in close coordination with industry, given its unique insights into the complex realities of supply chains.

4. **Sustainability and Energy Security:** Ending Europe's dependence on Russian energy sources is a shared priority for the U.S. and the EU. **The TTC should assist in advancing policy changes to allow increased energy exports to Europe from the U.S. and other countries. Moreover, accelerating the clean energy transition can greatly enhance energy security and thus should be viewed as a national security imperative.** The TTC should therefore encourage increased adoption of all emissions-reducing alternatives to Russian oil and natural gas, including energy efficiency, renewables, low-carbon fuels, nuclear, energy storage, and electric vehicles. The governments should also employ digital solutions (e.g. Internet of Things and AI) to monitor carbon sources and emissions and find efficiencies in supply chains and processes. These efforts should also look to ensuring effective cybersecurity for critical infrastructure, such as water and electricity utilities. Only a fulsome, coordinated energy policy will help us meet ambitious climate goals while also protecting economic prosperity.
5. **Conformity Assessment and Mutual Recognition Agreements:** Prior to the official launch of the TTC, policymakers had already made good progress towards new agreements on conformity assessment for goods traded across the Atlantic. **This work should be completed to ensure companies—particularly small and medium-sized enterprises—can more easily benefit from streamlined regulatory approvals and access to new export markets.** The TTC should initially deliver a roadmap that shows the way forward to secure conformity assessment agreements for all relevant sectors. Moreover, policymakers should commit to expanding effective tools that promote ongoing regulatory cooperation including the existing mutual recognition agreement on pharmaceutical manufacturing.
6. **Stakeholder Engagement:** Active engagement with businesses, workers and other stakeholders will increase prospects for eliminating commercially significant barriers to trade and investment, spurring innovation. Thus far, there have been several opportunities for stakeholders to provide input, but very little communication on what specifically is being discussed or agreed. **A more productive two-way stakeholder dialogue is essential to ensure the TTC is a durable and successful endeavor.**

Tangible progress on these key issues will enhance our economic competitiveness, encourage greater trade and investment, and create good-paying and high skilled jobs for more Americans and Europeans. We look forward to working with policymakers to see these goals realized.