

May 2023

U.S.-EU Trade and Technology Council: Business Priorities for the 4th Ministerial

Ahead of the May 30-31 EU-U.S. Trade and Technology Council (TTC) ministerial, BusinessEurope and the U.S. Chamber of Commerce seek to underline the importance of promoting transatlantic trade and investment and jointly addressing geopolitical challenges through effective coordination. Our organizations are dedicated to the success of this endeavor and want to assist in ensuring the TTC delivers on its considerable promise.

In the wake of Russia's unconscionable invasion of Ukraine, the Covid-19 pandemic, and economic headwinds on both sides of the Atlantic, European and American companies need policies that reduce the regulatory burden of doing business and support continued investment and innovation.

The TTC remains the most important platform for transatlantic economic cooperation, and it is important it delivers concrete outcomes ahead of next year's elections in the European Union and the United States. The TTC must serve as a platform to identify common risks, ensure cooperation on global challenges such as the digital and green transformations, and provide companies with relevant tools to navigate an increasingly uncertain regulatory and geopolitical environment.

We recommend that policymakers pursue the following objectives at the upcoming ministerial and look forward to working closely with you to deliver on these shared goals.

- 1. Expand Bilateral Trade and Investment and Avoid New Frictions:** Given the many challenges our economies still face—from energy shortages to inflation to unfair competition from non-market economies—the overriding objective of the TTC must be to tangibly improve the business environment, avoid new trade frictions between us, and reduce the costs of doing business across the Atlantic. Among the top priorities: achieving final resolution of disputes related to large civil aircraft, steel, and aluminium; concluding talks on the Global Arrangement on Sustainable Steel and Aluminium ahead of its looming deadline; resisting initiatives that could fracture the transatlantic digital economy by virtue of their design or implementation; and ensuring that new incentives to promote sustainability, modernize infrastructure, and invest in digitalization do not result in new trade barriers. The Transatlantic Initiative on Sustainable Trade could be used to advance many of these objectives and promote trade and investment in clean goods, technologies, and services as well as the establishment of joint technical standards.
- 2. Finalize and Implement the EU-U.S. Data Privacy Framework:** In 2022, the EU and the U.S. agreed on a common Data Privacy Framework to provide much-needed legal certainty for European and American companies that transfer data across the Atlantic. The ability to transfer data across borders is of critical importance to all players in the transatlantic economy. Without a lasting solution enabling data transfers, tangible progress on trade and technology issues is impossible. **Implementing the Data Privacy Framework as swiftly as possible remains of utmost importance.**
- 3. Strengthen Third Country Cooperation:** The business community strongly supports efforts within the TTC to identify and amend U.S. and European policies that might,

however unintentionally, unfairly benefit firms from non-market economies. We are particularly concerned about the **potential consequences of data sharing obligations within the context of the proposed EU Data Act**, especially when IP and trade secrets are affected, for example. Further, the U.S. and EU should redouble efforts to ensure alignment and equitable enforcement of **sanctions against Russia and Iran**. They should also pursue complementary policies **in response to non-market economies' distortive subsidies and discrimination against our firms**.

4. **Promote Enhanced Conformity Assessment Cooperation:** Companies face significant costs and time losses in repeatedly demonstrating compliance with EU and U.S. regulatory standards. **The TTC should improve the efficiency of conformity assessment processes, reduce regulatory burdens, and eliminate delays and duplicative approval requirements in various sectors like machinery or medical devices.** Enhanced coordination on conformity assessment procedures would enable companies on both sides of the Atlantic to bring innovative products to market faster, while still demonstrating their safety. The two sides should step up joint efforts to advance international standardisation in line with WTO/TBT principles.
5. **Deepen Mutual Recognition Agreements:** Removing technical barriers to trade would also tangibly improve the transatlantic business climate. **The TTC should swiftly identify potential areas where new Mutual Recognition Agreements could be established—and implement them expeditiously.** Agreements already in place, including for insurance, pharmaceuticals, and aerospace products, have shown that facilitating free trade through regulatory improvements enhances our competitiveness. **Governments and companies must work together to expand these agreements to other sectors. In line with the commitments agreed on at TTC3, finalizing the expansion of the existing MRA on pharmaceutical Good Manufacturing Practices to include vaccines and veterinary products would be an excellent start.** The two sides should also consider extending the coverage of the MRA to inspections of manufacturing sites in third countries, pre-approval inspections, plasma-derived pharmaceuticals and consider establishing an MRA for Good Clinical Practices.
6. **Define Coordinated Principles to Guide Trustworthy AI Development and Develop Standards:** Artificial Intelligence is one of the most revolutionary technological developments of our time. Agreeing on a core set of common governance principles to guide formulation of appropriate legislation on development and use of AI is essential. As two major regulatory powers, the EU and the U.S. must harmonize their respective legislative frameworks as much as possible to ensure an innovation-friendly environment while limiting potential risks. **We call on both sides to commit to truly risk-based, technology-neutral regulatory frameworks that enable a conducive and adaptable environment for AI innovation while adopting appropriate guidelines to protect fundamental rights.** Market democracies should jointly set the standards for enabling the rollout of trustworthy AI, or we risk ceding the field to others who may not share our values.
7. **Reinforce Cooperation on Emerging Technologies:** Science, technology, and innovation are the drivers of economic and social development, and collaboration on international standardisation and research is indispensable to increasing American and European competitiveness. Emerging technologies such as 6G, quantum technology, the Internet of Things, industrial metaverse, digital health, biometrics, will continue to gain prominence. **Defining joint roadmaps, including aligned and joint**

calls for research proposals, with progress reports in subsequent TTC summits—in close coordination with companies at the leading edge of these emerging technologies—must be a priority. Public-private partnerships are essential to develop pro-innovation regulatory frameworks that will continue to attract and retain investment in these key areas.

- 8. Promote Joint Leadership on Clean Technologies:** The EU and the U.S. should take the lead in international climate matters. Further to the current work streams of green procurement and subsidies to clean tech, the two sides should extend their cooperation to access and secure the supply of critical raw materials, e-mobility & interoperability and smart grids, connected and automated driving, carbon footprint methodologies, and other areas with a view to create complementary carbon reduction policies. **The main objective should be to avoid a subsidy race, develop clear rules that promote fair competition, and advance business cooperation.** Enhanced coordination in this area is also essential to avoid new bilateral trade disruptions.
- 9. Promote Effective Cooperation on Semiconductor policy, particularly on R&D and Manufacturing:** As the U.S. and EU Chips Acts are implemented, **close coordination between the public and private sectors is essential to ensure investments in basic research and R&D are complementary and not duplicative.** Research and development must be carefully calibrated to support U.S. and EU technological excellence, including in cutting-edge and mature technologies also those for which there is not yet a market need. A stable global supply chain is essential for the continued growth of the semiconductor industry on both sides of the Atlantic and to guarantee security of supply. We call upon EU and U.S. policymakers to promote regulatory stability across the entire global supply chain.
- 10. Protect our Shared Cybersecurity:** As the U.S. and EU deepen cooperation on cyber resilience—in particular via the joint efforts of the U.S. Department of Homeland Security and the European Commission's Directorate-General for Communications Networks, Content and Technology, businesses on both sides of the Atlantic are committed to supporting work streams that secure society, trusted critical infrastructure, and businesses from malicious cyber activity. Industry has long supported the implementation of security-by-design as an integral principle of product and system development as well as cyber risk management approaches based on international, technical standards. **We urge governments to remove any potential restrictions from cybersecurity certification requirements that hinge solely on the location of a company's headquarters.** Certification should be judged on the cybersecurity principles and practices used by competing firms, and the relevant laws to which they are subject. Coordination is particularly important given the lack of institutionalized cybersecurity safeguards in certain non-market economies.
- 11. Coordinate Investments in Telecommunications and Digital Infrastructure in the Global South:** Building trusted information and communication technology (ICT) infrastructure and strengthening digital connectivity are crucial to stimulating economic recovery and resilience globally. These initiatives require significant investments, and **hence we welcome the partnership¹ between EU and the U.S. to coordinate efforts by offering a sustainable investment alternative, in a technology neutral**

¹ <https://www.eib.org/en/press/all/2023-176-building-on-the-transatlantic-partnership-dfc-and-eib-sign-agreement-to-collaborate-on-investment-for-development>

way, to countries across the Global South. Joint EU-U.S. investments should be leveraged to also spur multilateral and global initiatives, such as the G7's proposed Partnership for Global Infrastructure and Investment. EU-U.S. cooperation to support ICT infrastructure should be done on technology neutral terms while fostering sound competition and avoiding technological fragmentation.

12. Elevate Stakeholder Engagement: Active and ongoing consultation with stakeholders directly affected by the decisions taken by the TTC is crucial. Proactive consultation can help provide legal clarity for companies and aids in the smooth and effective implementation of new policies. Finally, **increased transparency on the inner workings of the TTC and its working groups** would provide useful insights on how the input of all stakeholders is taken into account.

The deliverables identified above stress the potential improvements that would provide significant mutual benefits to companies and workers on both sides of the Atlantic. We look forward to working with U.S. and EU officials to secure concrete advances in these areas and beyond in the context of the TTC.
