



## U.S. CHAMBER OF COMMERCE

### **The Future EU-UK Economic Relationship: Priorities of the U.S. Business Community**

American companies have a keen interest in the negotiations on the post-Brexit trade relationship between the United Kingdom (UK) and European Union (EU). U.S.-based firms have long-established supply chains and trading networks that crisscross Europe and the UK, giving them a substantial stake in the talks' outcome. In the view of these U.S. companies, the UK and the EU must work together to minimize harmful and unnecessary disruptions to the movement of goods, services, data, people, and capital. Further, a strong partnership agreement between the UK and EU will boost the resiliency of both economies—more crucial than ever in the wake of the pandemic and economic crisis. Above all, both parties must make every effort to avoid a “no trade deal” scenario at the end of the year.

U.S. investors and exporters believe the following principles should guide the negotiations.

- 1. Trade in Goods:** The EU and the UK must agree to continued tariff and quota-free trade in all goods. Failure on this front would be incongruous given the ambitions of “Global Britain” and the EU’s extensive global trade agreement network.
- 2. Trade in Services:** The UK and EU should pursue a model of enhanced regulatory equivalence to ensure continued market access with minimal new barriers to trade and investment. The model should evolve with new regulations, and both sides should provide sufficient notice of any policy changes that might inhibit market access in either direction.
- 3. Movement of People and Recognition of Professional Qualifications:** The agreement should include the mutual recognition of professional qualifications and encourage flexibility for movement of nonimmigrant temporary workers. Additionally, the citizens’ rights aspects of the Withdrawal Agreement must be faithfully implemented and maintained in full to prevent unnecessary labor market challenges in either the UK or the EU.

4. **Regulatory Cooperation:** The UK should continue to participate in certain common regulatory arrangements with the EU. As a general rule, the two sides should seek to maintain regulatory consistency and ensure that regulations do not, however inadvertently, create additional non-tariff barriers. The creation of new, unnecessary barriers to intra-European supply chains will negatively impact the British and European economies. Continued regulatory cooperation—alongside mutually recognized conformity assessments—would minimize new barriers that likely would disproportionately affect small and medium-sized companies.
5. **Financial Services:** The UK and EU should act urgently to conclude their equivalence assessments as outlined in the Political Declaration. Policymakers should avoid politicizing these equivalence decisions based on short-term competitiveness calculations. Such actions would limit the future attractiveness of the European market for the financial services sector. The two parties should establish a structured dialogue for ongoing regulatory cooperation, with a meaningful role for stakeholders. The agreement also should include appropriate dispute resolution mechanisms to deal with future divergences.
6. **Movement of Data, Data Privacy, and Digital Trade:** The EU and the UK should commit to building a stable and flexible regime for the transfer of personal information across borders. The EU should urgently adopt a data adequacy decision for the UK. Additionally, given persistent legal uncertainty, the EU must develop additional data transfer tools so that personal data can continue to move freely across the Channel and to third-party markets. A UK-EU agreement also must include a prohibition on data localization requirements across all sectors. The UK should commit to continuing to uphold a high standard of data privacy in manner that is interoperable with the European *General Data Protection Regulation*. The agreement should include best-in-class disciplines for digital trade. These include provisions protecting source code and algorithms, recognizing the legal validity for electronic signatures, and the use of interoperable electronic authentication. Finally, the future EU-UK agreement should encourage the widespread use of open architecture to drive innovation, particularly in emerging technologies (AI, 5G, etc.) and promote open access to government-generated data for use by the public.
7. **State Aid:** The UK and EU should avoid trying to undercut market-based competition through government intervention that confers unfair advantage or provides state subsidies to public or private companies.

- 8. Transition Measures:** Any agreement must include an implementation period of at least twelve months. An implementation period has consistently been an essential priority for the business community, and current circumstances make that bridge period all the more vital.
- 9. Transportation Continuity:** EU-UK ground and air transport agreements must be completed as part of the future relationship negotiations in order to prevent supply chain disruption or fragmentation of the transport market. Ground transport should continue permit-free and based on the mutual recognition of standards. Air transport should remain as close as possible to the status quo, minimizing potential disruptions to the European market and enabling movement of people and goods between the UK and EU. Negotiators also should prioritize the mutual recognition of standards for aviation security and safety.
- 10. Customs & Trade Facilitation:** Though the UK will have left the EU Customs Union and Single Market, cross-border trade must continue to be as seamless as possible. The agreement should strive for a customs regime that eliminates unnecessary regulatory burdens and limits delays at the border, while setting a global standard in trade facilitation. Customs compliance procedures should incorporate both the accounting segregation principle and duty drawback provisions. The agreement should ensure continuity of Authorized Economic Operator compliance and security programs. Both parties also should cooperate on harmonized, digitalized, and central customs clearance systems.
- 11. Small and Medium-Sized Enterprises (SMEs):** Ensuring that SMEs benefit from the agreement on future UK-EU ties will ensure it is fair, inclusive, and sustainable. Provisions could include establishment of a committee to identify ways to convey the benefits of a deal to SMEs.
- 12. Rules of Origin & Cumulation:** The agreement should include clear, flexible and transparent rules of origin (ROO) that allow products from existing cross-European supply chains to benefit. The new rules of origin should also allow for the inclusion of products sourced from countries with which the EU and UK already have preferential trade agreements. Both governments should incorporate input from local industry, especially where there is a joint position on specific ROO requirements. Further, if the EU or the UK agree on a trade agreement with the United States, diagonal cumulation rules should apply to U.S.-sourced inputs as well.

- 13. Intellectual Property:** The UK and EU are global leaders in intellectual property (IP) protection, and any agreement should reflect the high standards both maintain. The UK and EU should enshrine a high standard of protection in their agreement, ensuring that the current IP frameworks for trademarks, patents, copyright, and trade secrets remain the minimum accepted standard. The EU and UK should ensure that neither market weakens legal protections for intellectual property nor shortens existing periods for data exclusivity. Further, the agreement should clarify the terms regarding the UK's future participation in the Unified Patent Court as well as the terms of existing trademarks that apply in the UK pursuant to contracts agreed before the country's departure from the EU. Finally, the agreement should establish a mechanism for more effectively ensuring that geographic indications do not infringe on the use of common food terms.
- 14. Supply of Medicines:** To safeguard vital supplies of medicines to patients across Europe, the EU and UK must reach swift resolution on a Mutual Recognition Agreement on Good Manufacturing Practice (GMP). The two sides should also remain open to exploring ongoing regulatory cooperation, including input and access to patient safety databases such as EudraVigilance, and cooperation through established EU-3<sup>rd</sup> country regulatory authority clusters.
- 15. Research Cooperation:** The two parties should identify ways to ensure the UK can continue to participate in and influence Horizon Europe joint research projects, as well as academic exchange programs. For continued scientific cooperation on clinical research and to accelerate data-driven innovations, the EU and the UK should adopt a reciprocal data adequacy agreement to encourage the safe and secure sharing of scientific data related to clinical trials.
- 16. Environment:** Both governments should commit to close cooperation and—where possible—coordination to promote adoption and deployment of environmental and resource-efficient technologies, goods, and services, including in public infrastructure projects.
- 17. Northern Ireland Protocol:** Without agreed guidance on the interpretation and implementation of the Northern Ireland Protocol, there could be significant negative implications for the future of goods trade between Great Britain and Northern Ireland as well as between Northern Ireland and Ireland. The lack of clarity on the implementation of the Protocol will undermine the trust necessary to enable a broader agreement between the UK and the EU. Given the current level of uncertainty and short timelines, negotiators must

produce aligned and comprehensive guidance on how the Protocol is to be interpreted and make this information publicly available and easily accessible. Companies should also be allowed a grace period of at least twelve months to allow for appropriate preparation and modification of processes before any changes take legal effect.

**18. Security, Defense, and Foreign Policy Cooperation:** The agreement should encourage ongoing close UK-EU cooperation on defense and security policy initiatives, including intelligence sharing, counterterrorism, and the joint development of new technologies.

American exporters and investors are keen to avoid a scenario in which the UK leaves the Single Market and Customs Union at the end of 2020 without a new agreement in place. The U.S. Chamber encourages both the EU and UK to demonstrate flexibility as they strive for an agreement that will promote prosperity for all. Further disruptions, especially given the economic consequences of the pandemic, must be minimized.

We look forward to continued engagement with both parties throughout the negotiations.