

## ON: Negotiating Objectives for U.S.-United Kingdom Trade Agreement

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

**BY: The U.S. Chamber’s U.S.-UK Business Council**

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The U.S. Chamber of Commerce’s U.S.-UK Business Council appreciates the opportunity to present our views on a prospective free trade agreement between the United States and the United Kingdom. The U.S.-UK Business Council is the premier Washington-based business organization dedicated to strengthening the commercial relationship between our two countries, and is comprised of companies with significant equities on both sides of the Atlantic.

The U.S. business community is encouraged that the U.S. and UK are committed to securing tangible improvements in our bilateral trade and investment relationship. We stand ready to work closely with both governments to strengthen ties between our two nations.

It is important to underline the considerable ongoing uncertainty surrounding the UK’s future relationship with the EU and, by extension, its trade relationships with other countries. The U.S. business community is eager to see London and Brussels that the necessary steps to ensure that an orderly Brexit, including a transition period, takes place, and that the negotiations on the future UK-EU relationship proceed expeditiously.

The alternative – a chaotic “no deal” scenario – would have significant adverse impacts on U.S. exporters and investors. For this reason, we are hopeful that today’s deliberations in the British Parliament will yield more clarity on the path forward.

Once the contours of the new UK-EU trade relationship are established, U.S. and UK negotiators should turn their attention swiftly to expanding our commercial ties. Clearly, the potential scope of a U.S.-UK agreement is highly dependent on the eventual agreement between the UK and the EU. For that reason, these recommendations should be seen as a set of preliminary suggestions only.

In keeping with our mission to advocate for free enterprise, competitive markets, and rules-based trade and investment, one of our 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.

The U.S. and UK should remove all tariffs and establish wide-ranging regulatory cooperation mechanisms across relevant sectors. To be effective, these mechanisms must be transparent and allow for meaningful stakeholder engagement. For example, we welcome the creation of the U.S.-UK Financial Regulatory Working Group and hope that working group will consistently entertain stakeholder inputs.

In addition, we see considerable opportunities for the U.S. and UK to jointly advance global standards, particularly for services, the digital economy, and emerging technologies. Services make up nearly 80% of both economies’ GDPs and represent an area of significant comparative advantage for both countries. There will likely be more room for negotiating on services even as the UK and EU continue to hash out their precise future relationship in terms of market access for goods.

Reducing or eliminating barriers to two-way trade and investment would significantly boost the long-term economic outlook for both the U.S. and the UK, with particular benefits for small and medium-sized companies. Greater cooperation would also provide a pathway for joint leadership in response to shared challenges in a rapidly changing global economy. For example, the U.S. and UK should work together to strengthen global trade rules and institutions to adapt to the challenges posed by non-market economies

In separate testimony on the priorities for the U.S.-EU trade talks, we cited as an immediate priority the expeditious removal of the existing Section 232 tariffs on imports of steel and aluminum and the retaliatory measures imposed by the EU. In the event these measures are still in place when the UK leaves the EU, we believe eliminating duties on imports of UK steel and aluminum must be a top priority. I should also note for the record that the U.S. Chamber strongly opposes the administration’s threat to impose tariffs on auto imports in the name of national security.

Our full written submission to the Federal Register Notice includes several additional sector-specific and crosscutting recommendations on issues including: market access, customs procedures, regulatory cooperation, services trade, the digital economy, intellectual property, and investment.

One point of particular concern is the UK’s proposed Digital Services Tax, due to come into force in April 2020. While tax policy falls outside the scope of a trade negotiation, we urge U.S. officials to leverage every opportunity to underscore the importance of national treatment and non-discrimination in the application of tax policies. Tax measures should not discriminate against specific companies or sectors, no matter their size or national origin.

The U.S. and UK are each other’s single largest foreign investors, and American and British investments in the other market have created more than 2 million high-paying jobs. There are multiple opportunities to deepen and expand these economic ties, and to collaborate to address common challenges in the world economy.

We welcome this and future opportunities to convey the Council’s views as the negotiating process takes shape.