

Business seeks EU-US ambition
BUSINESSEUROPE-U.S. Chamber of Commerce Statement on the
Transatlantic Economic Council

Introduction

BUSINESSEUROPE and the U.S. Chamber of Commerce are deeply concerned that the current economic crisis does not cause a disintegration of the transatlantic market. We believe that disjointed responses of the European Union and United States may hamper economic recovery and future growth on both sides of the Atlantic. For instance, a lack of cooperation amongst regulators, in applying new regulatory schemes, may create new barriers adversely impacting capital formation. This would depress our long-term growth potential even as the EU and U.S. try to pull us out of recession. Similar concerns arise in the field of energy policy where the EU and the U.S. are pursuing similar security and environmental objectives but jeopardize trade, investment and economies of scale due to a lack of effective cooperation.

Fortunately, the U.S. and EU have established the Transatlantic Economic Council (TEC), which can help avoid this outcome. TEC can and should ensure that necessary regulations do not create unnecessary barriers to productivity, growth, job creation, innovation, trade or investment. In a time such as ours, this role is vital.

Message to the TEC leaders:

The U.S. Chamber and BUSINESSEUROPE believe the TEC has an important role to play at this critical time.

The strength of the TEC process is that it brings together an unparalleled group of European Commissioners, the EU Presidency and Cabinet-level U.S. officials. To prevent the fracturing of the transatlantic market, their top-level engagement is needed on the following areas:

1. The economic crisis

TEC must contribute to pulling the EU and U.S. out of the worst recession in the post-war period – especially in the field of financial regulatory cooperation. It should:

- Establish, with the support of the Financial Markets Regulatory dialogue a work programme for cooperation on financial sector regulation in response to the crisis and keep a watchful eye over efforts currently in motion. Companies need financial sector regulation that brings regulatory certainty, eliminates blind spots, restores confidence and allows for innovation. The EU and U.S. are cooperating through the G8 and G20, but the unique depth of transatlantic financial markets mean that a more intense bilateral dialogue should be a continuing one. Disintegration of these markets would be disastrous for non-

financial companies as it would inevitably lead to increased capital costs – at exactly the wrong time.

- Create and implement, transparently coordinated exit strategies for government involvement in the private sector. Strategies should seek to minimise distortions to competition and discrimination to avoid subsequent disputes. They should address the conditions under which government exit should take place and ensure compatibility with legal limits on subsidisation under WTO and domestic competition rules.
- Carry out an assessment on the performance of both sides in maintaining open markets and agree a reaffirmation of the need to confront protectionist pressures in both the U.S. and EU. Absent joint anti-protectionist strategies, the transatlantic partners will lose their credibility across global markets. The wider negative effects of protectionist provisions, such as Buy American, are now starting to be seen around the world.

2. *Energy*

Clean energy and energy efficient technologies are at the core of U.S. and European efforts to lay the long term economic foundations for tackling climate change. Federal agencies must see transatlantic cooperation as an integral part of their work in this key area. Economic and environmental benefits will only be realized with the establishment of global markets for these innovative products and services. Early transatlantic cooperation would help avoid regulatory clashes and fragmentation of such markets, while also addressing research and standards issues in cooperation with the private sector.

The TEC should identify energy as a Lighthouse Priority Project and establish a work programme to foster cooperation in the following areas:

- Energy efficiency – Through both regulation and voluntary initiatives, the EU and U.S. are making policy that will have a major impact on the development of technology to make everyday products more energy efficient. No policy should be developed that creates barriers to transatlantic economies of scale or innovation.
- Clean energy – From carbon capture and storage and nuclear to biofuels, solar and wind, the EU and U.S. need to make sure that policies support rather than hinder innovation. Joint transatlantic approaches would be a major contribution in this direction.
- Carbon trading – As things stand, the EU and U.S. do not have comparable systems for carbon trading. Nonetheless, technical work on defining, for example, measurements of a tonne of carbon emissions would be useful, for monitoring compliance. More intense work may be needed in the future.

3. *A vision for the future*

The TEC has without doubt led to the most intense period of economic and regulatory cooperation between the EU and the U.S. Yet, there are still many challenges to overcome on the way to more predictable, transparent and aligned regulatory

processes and a true transatlantic market. The clear need for sustainable cooperation dictates the TEC should begin discussions to move economic integration to the next level with all options on the table. What is clear, however, is that the TEC must move ahead on urgent economic issues while continuing discussions on future structures in parallel.

Move forward with other ongoing work to boost trade, investment and innovation.

While we recognise that the TEC principals will not be able to effectively address the full range of EU-U.S. issues of concern to our members, it is vital that work proceeds on the following areas under the close scrutiny of the TEC's management structures.

The High Level Regulatory Cooperation Forum

The Forum is the incubator of new approaches to regulatory challenges while drawing on the unsurpassed expertise of the full range of U.S. agencies and the Commission Directorates-General. BUSINESSEUROPE and the Chamber are pleased that the Forum met on July 24 in Brussels. We submit the following suggestions for discussion by the Forum:

1. Updates on reform – The Commission and the U.S. Administration should take stock of changes in impact assessment and wider regulatory procedures since the October meeting.
2. Risk assessment – the Forum should decide the next steps following the first international conference on risk assessment last November in Brussels.
3. The beginning of an EU-U.S. dialogue on use of standards in regulation is an important step. We look forward to reviewing the joint report promised at the October 15 meeting. A future work programme on standards issues could examine automotive and energy related standards in particular.
4. New areas for discussion could include reciprocal agency participation in advisory groups for implementing legislation, such as the Council regulatory implementation or comitology procedure on the EU side; and the whole area of conformity assessment.
5. Case studies: the forum should examine an area of upcoming regulation that will affect multiple agencies to promote understanding and encourage similar approaches. Discussions could cover nanotechnology, radio frequency identification, automobile issues such as e-mobility, or energy-efficiency regulation. The public session of the Forum would be best suited to addressing such issues.

Secure trade

BUSINESSEUROPE and the U.S. Chamber of Commerce continue to believe that high levels of security do not need to be a barrier to trade and investment. Smart risk-based approaches, developed in close cooperation with affected industries will deliver the best results. We support the position of the Department on Homeland Security that implementation of the U.S. 100% scanning legislation by 2012 will not be possible. A legislative solution, guaranteeing the same level of security in practice but creating

less administrative burden will need to be found. We also urge both U.S. and EU to better utilize such critical security bodies as the World Customs Organization to develop shared approaches to secure trade.

Companies are increasingly concerned about the lack of demonstrable progress towards mutual recognition of secure shipper programmes (Customs Trade Partnership against Terrorism and the Authorised Economic Operator). It is important that goal of achieving this in 2009 is adhered to if real value for companies is to be achieved.

Intellectual Property Rights (IPR)

Outstanding work on patent harmonisation and enforcement of intellectual property rights must continue. The TEC must ensure that a joint EU-U.S. position is established on mounting challenges to IPR in the context of environmental technologies. It would be counterproductive to undermine the incentives for innovation in these key areas if any erosion of IPR were considered. Licensed and compensated technology transfer can, and should however, be considered.
