100 Years Standing Up for American Enterprise
U.S. CHAMBER OF COMMERCE

BUSINESSEUROPE

February 2, 2012

Mr. L. Daniel Mullaney
Assistant U.S. Trade Representative for Europe and the Middle East
Office of the United States Trade Representative
600 17th Street, NW
Washington, DC 20008

Re: Docket USTR-2012-0001, U.S. Chamber of Commerce-BUSINESSEUROPE submission to the Federal Register Notice on the U.S.-EU High-Level Working Group on Jobs and Growth

Dear Mr. Mullaney:

The U.S. Chamber of Commerce is the world's largest business federation representing the interests of more than three million businesses and organizations of every size, sector, and region of the United States. BUSINESSEUROPE, active in European affairs since 1958, represents 41 leading industrial and employers' federations from 35 European countries, working together to achieve growth and competitiveness in Europe. We applaud the establishment of the High Level Working Group on Transatlantic Jobs and Growth, and we urge you to be ambitious in both content and timing as you formulate your recommendations to President Obama, President Barroso and President Van Rompuy.

The U.S. and European economies face enormous challenges that must be urgently addressed. Far too many individuals are out of work, under-employed and discouraged. We face strong competition from new quarters. With fiscal and monetary policy constrained, we can, and must, remove as many obstacles to growth within and between our economies.

In seeking opportunities to promote job and economic growth between the U.S. and European economies, you can build on the enormous advantage of the uniquely integrated transatlantic market, where U.S. and European firms have invested $3.5 trillion (€2.7 trillion) in one another and some 40 percent of the $900 billion (€695 billion) in trade is intra-firm.

The U.S. Chamber of Commerce and BusinessEurope believe there are additional steps to facilitate bilateral trade in goods and services, investment, regulatory cooperation, government procurement, and intellectual property rights protection. They include:

- The elimination of tariffs between us. Even where low, they represent a significant tax on the global competitiveness of our firms. The elimination of tariffs alone could generate welfare gains of up to $86 billion (€65.6 billion) for the EU and $82 billion (€62.5 billion) for the U.S. The economic gains from eliminating tariffs are detailed in the attached report from the European Center for International Political Economy (ECIPE).

In addition, the U.S. and EU should focus on facilitating the flow of goods by adopting common customs electronic data filing systems and minimizing inefficiencies in our security regimes, as we did in recognizing our respective container supply chain security requirements under the Transatlantic Economic Council (TEC).

- As democracies with mature regulatory systems, we each seek similarly high standards of protection for our consumers, investors and environment. We must create a legal mechanism that allows our regulatory agencies, in collaboration with their legislative committees, to improve their efficiency and effectiveness in addressing non-tariff barriers and in enforcing those standards against higher risk suppliers by letting them accept the compatibility of their transatlantic counterparts' regulatory regime. This approach is described in more detail in the attached study by John Morrall, especially in Annex A.

- Such a mechanism will also promote our services sectors, where the U.S. and EU account for some 70 percent of world trade but where unnecessary regulatory differences still thwart our global competitiveness and are now fracturing the transatlantic capital market. Over half our services trade depends on the internet, and we must at all costs avoid undermining this by adopting unnecessarily strict and diverging approaches to data retention, protection, and localization. Services trade also depends on the movement of qualified people, so we should extend the U.S. Visa Waiver Program to cover the EU, make treaty trader and investor status fully available, and take major steps to facilitate intra-corporate transfers.

- The unique investment relationship which supports the transatlantic economy is founded on an incomplete network of bilateral treaties between the U.S. and EU member states. We should upgrade this to a first class bilateral agreement, based on the principles which we and eight other business associations sent in the attached November 16 letter to the Co-chairs of the Transatlantic Economic Council. These principles commit each not to discriminate against investors of the other in establishing and operating investments, allow capital to move freely, and provide full protections against expropriation.

- Welcoming the new U.S.-EU Government Procurement Forum, and urge it to identify as many opportunities as possible to fully open markets at all levels of government and public entities that are active on public procurement markets. This will expand competition among U.S. and EU bidders that play by the same fair rules, and stretch taxpayers' money in today's constrained budgets.

- Recommending a strong intellectual property rights regime and active regulatory cooperation towards a coherent approach to support joint work to establish a global standard in this field.

Each of these steps would bring significant economic benefits, dwarfing the value of all other bilateral trade agreements we have. With our common values, similar legal systems and high standards of labor and environmental protection, agreement in each area should be technically and legally easier to reach.

Given the imperative facing both the U.S. and the EU to boost their growth rates quickly, we recommend the preparation of an ambitious yet realistic assessment of the scope of an Economic and Trade Pact. We encourage the High Level Working Group on Jobs and Growth to commit to a deep and comprehensive bilateral initiative, and to consider the respective value and feasibility of both a single undertaking and more flexible negotiating structures in the context of transatlantic trade negotiations.

We would like to stress that we should not let election calendars in the U.S. and Europe either drive or delay our efforts when our economies need growth. Not when our people need jobs. Not when our values and economic systems are so similar.

We, and our millions of members, urge you to recommend our leaders launch negotiations as soon as possible and to put forward a strong political commitment to do so when they meet in Chicago in May for the G8 and NATO summits. A clear call for concrete steps to promote growth and jobs in the transatlantic market will itself boost market confidence and investment. And the quicker we conclude negotiations, the more our economies, and our people, will benefit.

Finally, as we commit ourselves to ensuring that we utilize the full potential of our bilateral relationship to produce the jobs and growth we need, the U.S. and the EU need to cooperate further in their respective relations with third countries to ensure coherence and to avoid providing them the opportunity to take advantage of differences in U.S. and EU approaches. The work of the TEC in adopting strong principles, and when possible de facto global standards, should be actively pursued.

For more information, please contact Peter Rashish at prashish@uschamber.com or at (202) 463-5647.