



Promises Made. Will they be kept?

Progress Report on the State of the Transatlantic Commercial Relationship

The U.S. Chamber of Commerce and BUSINESSEUROPE have formed a strategic partnership to advance the work of the Transatlantic Economic Council (TEC) with the aim of deepening the U.S.-EU commercial relationship and addressing impediments to an integrated market. The TEC and the High Level Regulatory Forum met on November 8th and 9th in Washington. This document is the first of a series of joint reports on their progress

The U.S. Chamber and BUSINESSEUROPE believe the jury on the TEC is still out but that it has the potential to deliver results. The concrete achievement of the inaugural TEC was limited to the announcement of processes that hold promise, rather than the resolution of problems.

The inaugural meeting of the TEC did mark a number of high points for the transatlantic economic relationship. The scale and profile of the TEC meeting and the accompanying High Level Regulatory Dialogue demonstrated that there is continuing political will to implement the April 30th Framework Agreement on Transatlantic Economic Integration, making this different from previous transatlantic economic initiatives.

The most important reason for optimism is that the TEC has moved the wheels of government on both sides of the Atlantic. On the broad issues of intellectual property protection, accounting standards, and secure trade, and on more specialized areas, including supplier's declaration of conformity and metric labeling, our governments have made some progress. The TEC also recognized the work already underway in concert with the private sector and Brazil with respect to biofuels. It is important to be mindful that this standards work is being led by the private sector, not by government.

It should be recognized, however, that practical achievements have been very limited. The U.S. Chamber and BUSINESSEUROPE know there is a broad range of political and regulatory actors involved in the issues under the TEC. Therefore, even if it is understandable that final results were not announced on November 9th, **the real test for TEC will likely be its meeting in the spring of 2008. At that point the TEC will have had almost a year of work behind it and its efforts must be validated by concrete deliverables** on regulatory cooperation.

Specific Observations

Both governments should be congratulated for their efforts to load the TEC pipeline with issues for delivery, but business has not yet seen significant results emerge. In addition, the TEC's agenda to date has been set without regard to stakeholders' priorities. This must change. Therefore, two things must happen going forward:

1. The key promises loaded into the pipeline on November 9th must be completed.
2. The pipeline must be loaded with more relevant issues that will indeed lead to economic integration. BUSINESSEUROPE and the US Chamber are ready to contribute with ideas.

Transparency:

The TEC should be applauded for holding a debriefing with all interested stakeholders after its meeting Friday. However, greater transparency is vital if the business community is to support TEC work effectively and provide appropriate input to help drive the process forward. Transparency must be systematically improved in future TEC planning and implementation. For example:

- The TEC announced that a list of permanent members of the High Level Regulatory Cooperation had been decided but this has not been released publicly.
- Neither the announced roadmap for C-TPAT/AEO mutual recognition in the field of trade and security, nor the side-by-side comparison of the two programs were released to stakeholders.
- Neither the Food & Drug Administration (FDA)-European Commission (EC) work program nor its confidentiality agreement on cosmetics and medical devices was released. In addition, the agencies work was done without consultation with the private sector.
- Details were lacking on announced work in other areas such as chemicals regulation and suppliers declaration of conformity.

Roadmaps and work programs should be drafted for all TEC issues and be made publicly available

Institutionalization/Horizontal Cooperation:

The TEC must become an enduring institution if it is to be effective. The U.S. Chamber and BUSINESSEUROPE are jointly calling for the following improvements:

- A specific plan for the governmental transitions in the U.S. in 2008 and the EU in 2009 to be publicly announced.
- A timeline or dates to be announced for meetings of the TEC and the High-Level Regulatory Cooperation Forum in 2008.
- A clear role for the High-Level Regulatory Cooperation Forum needs to be determined. The Forum should take on horizontal issues and develop a program of work between its meetings on an ongoing basis. In particular, the Forum should define and propose binding mechanisms to foster systematic cooperation between our respective regulatory agencies.
- A structure to connect the 15 or more sector dialogues, the High-Level Regulatory Cooperation Forum and the investment dialogue and intellectual property working group to the TEC. A clear and comprehensive chart outlining responsibilities is essential for future work.
- The EC and OMB released a paper for comment including recommendations for improvement of assessing trade and investment impacts of new regulation. Once reviewed and commented on by stakeholders, we look for the final paper to be put into effect on both sides of the Atlantic as a deliverable at the next TEC meeting.