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Fourth TEC meeting advances new issues to deepen integration

Progress Report on the State of the Transatlantic Commercial Relationship

BUSINESSEUROPE and the U.S. Chamber of Commerce 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 Cooperation Forum met on October 27th and October 26th, respectively, in Washington. This document is the fourth of a series of joint reports on the progress in the TEC.

With the **EU and US economies still struggling with a recession**, there is a need to step up transatlantic cooperation to address key global challenges such as financial sector reform and the green technology challenge. With these challenges looming, BUSINESSEUROPE and the Chamber appreciate the efforts made to focus the TEC meeting on these issues – in particular to avoid “financial market mercantilism” that does not take the transatlantic economy into account and to engage in concrete projects in support of climate technologies.

Since this was the first TEC meeting hosted by the Obama Administration, it highlighted the new Administration’s commitment to deepening the transatlantic relationship. We also appreciate the effort made by the Commission side to engage deeply on matters of substance and to agree on a number of concrete issues to be taken up by the new Commission once it takes office – notably the decision to launch a dialogue on innovation. We also look positively on the increased commitment of the EU presidency and the bigger role played by the transatlantic legislators in this TEC meeting as they are more than stakeholders in the process.

This concrete progress gives BUSINESSEUROPE and the Chamber hope for the future of transatlantic integration through the TEC process. We will work with the Obama Administration and through the transition with the next Commission to ensure that this work is intensified throughout 2010.

Bringing the TEC up to date

The TEC has made a number of key decisions to bring it up to speed with the latest global policy challenges which the Chamber and BUSINESSEUROPE have highlighted as priorities for the transatlantic relationship.

On financial markets, the TEC has instructed the Financial Regulators Dialogue to step up their cooperation efforts to prevent new regulations from creating “financial market mercantilism”. BUSINESSEUROPE and the Chamber generally support new financial regulations but have been

concerned about possible negative impacts on transatlantic trade and investment in financial services.

On better regulation, the TEC has outlined a new strategy to advance the convergence of regulatory approaches for new issues such as nanotechnology and energy efficiency. **BUSINESSEUROPE** and the Chamber have repeatedly called for the TEC to promote the convergence of regulatory approaches in new regulatory fields.

On innovation, the TEC has created a new dialogue to help improve policies that favour innovation in areas like information and communication technology or clean energy technologies. **BUSINESSEUROPE** and the Chamber have highlighted clean energy technology cooperation as a priority issue for the TEC. On this issue, **BUSINESSEUROPE** and the Chamber underscore the need for coherence between TEC work on clean energy and the activities of the recently announced Transatlantic Energy Council.

On trade policy, we believe that solutions to remove bilateral trade barriers such as “Buy America” restrictions should in future figure higher on the TEC agenda as they are harming American and European business interests.

Pursuing sector-specific dialogues

The TEC continues to hold responsibility for advancing sector-specific regulatory convergence through the removal of trade or investment barriers or through an exchange of best practices between authorities. We note progress in the following fields:

- Food safety: Efforts to conclude an EU-US veterinary equivalency agreement by end of 2009 or early 2010 should be supported.
- Pharmaceuticals: The extension of the agreement on cooperation on the exchange of confidential information beyond 2010 is positive news. Progress on the Transatlantic Administrative Simplification Action Plan for inspections, biosimilars, scientific advice and counterfeiting must be pursued.
- Medical devices: The harmonized regulation of medical devices including exchange of confidential information between EU and US regulators will help companies save costs.
- Cosmetics: Efforts to validate alternative tests (to animal testing) between the EU-US-Canada-Japan should be stepped up to avoid creating unnecessary trade barriers.
- Chemicals: We welcome the dialogue on REACH and the Toxic Substances Control Act TSCA but question why cooperation in this field has been so elusive to date.
- Electrical Equipment: We hope that the Occupational Safety and Health Administration (OSHA) will conclude its review of the use of Supplier’s Declaration of Conformity (SDoC) for low-voltage electrical products.
- Auto Safety: We consider it strategically important for the EU and the US to advance toward common international standards for this sector to set a global standard.
- Toy safety: The EU and the US have made good progress on this issue in particular through constructive outreach to China.
- Internet Security: Business should be fully involved in the negotiations on the application of consumer protection laws over the Internet.

Thematic cross-cutting issues for business

Beyond the sector-specific negotiations, BUSINESSEUROPE and the Chamber have been strong supporters of closer transatlantic cooperation on thematic issues that affect the global business environment. We consider it strategically important for the EU and the US to coordinate their efforts with a view to strengthening open global markets for trade and investment.

On **IPR protection**, we strongly support through the Trilateral Dialogue and the TEC process as close cooperation as possible between the EU and the US on priority issues such as the completion of the Anti-Counterfeiting Trade Agreement (ACTA), closer cooperation between EU and US customs authorities to seizure counterfeit goods and more recently to make sure that global climate change negotiations contribute to a strengthening of IPR as a tool to foster investment and cooperation in mitigation technology.

On **trade and security**, we reiterate our call for the EU and the US to advance toward mutual recognition of trusted trade programmes (Authorised Economic Operator and the Customs-Trade Partnership Against Terrorism) to avoid cost duplications for position and to help focus security policy on high risk trade. In this light, we are disappointed that the previously agreed 2009 deadline for mutual recognition has been delayed. On a practical level, we call on the EU to reduce the administrative burdens associated with AEO registrations to encourage more companies to sign up for the additional security measures and enable customs officials to focus on higher risk security threats. BUSINESSEUROPE and the Chamber also sound the alarm bell over the 100% cargo scanning requirement mandated by the U.S. Congress which must be solved in the upcoming year. There is a far-reaching consensus among business and policy officials that security will be best served by a targeted risk based approach to cargo security.

We strongly support the work of the **High Level Regulatory Cooperation Forum**. We urge continuing efforts to strengthen cooperation on EU and US approaches to “smart” or “better” regulation in terms of cost-benefit analysis, risk assessment and transatlantic trade and investment analyses. We hope that the review of previous attempts to negotiate mutual recognition agreements will lead to concrete proposals on how to achieve binding transatlantic regulatory harmonization and convergence.

Looking ahead

BUSINESSEUROPE and the Chamber will work closely with the **U.S. Administration and the incoming Commission** to rapidly resume TEC negotiations in all fields. We will also call on the Spanish Presidency of the EU to engage constructively in the process – notably to outline a strategic work plan on how the TEC can guarantee transatlantic economic leadership on the global scene.

Finally, BUSINESSEUROPE and the Chamber would like to extend a special note of gratitude to **Mr. Verheugen and his outgoing team** for their hard work in support of the TEC. We also welcome **Deputy National Security Advisor Froman** to his important new role. Thanks to their leadership, the TEC can prepare a coherent action plan to truly advance economic integration.