

**EU-US High-Level Working Group on Jobs and Growth
ICC UK position paper; April 2012**

1. The International Chamber of Commerce UK

- 1.1. The International Chamber of Commerce (“ICC”) is a global business organisation which works with governments and business worldwide to support international trade and investment through the promotion of open markets, sound regulation and the rule of law.
- 1.2. The membership of ICC in the UK includes the majority of FTSE 100 companies, as well as many other large multinational firms—many of which are significant investors in the UK and the US.
- 1.3. We welcome the opportunity to provide input into the DG Trade Consultation on the objectives and priorities of the EU-US High Level Working Group on Jobs and Growth. This paper is based on initial consultations with members companies. We look forward to making further (and potentially more detailed) comments on the direction and substance of the EU-US initiative going forward.

2. High Level Working Group on Jobs and Growth

- 2.1. We believe that a deep and comprehensive agreement between the world’s biggest trading blocks could make an important contribution to EU growth—opening up new opportunities for businesses and consumers alike. Moreover, with protectionism on the rise around the globe, a strong transatlantic partnership would send a powerful signal to the rest of the world regarding the benefits of open markets.
- 2.2. We therefore encourage the working group to map out an ambitious and comprehensive partnership agreement to tackle remaining barriers to trade—in particular on standards and regulatory issues that currently stifle transatlantic commerce. Some of these issues are raised by current EU and/or US regulatory proposals which require immediate attention.
- 2.3. It is our view that any broad EU - US agreement should combine best practices from other free-trade agreements. The agreement would also be aware of existing political sensitivities and disputes and aim to find an instrument to resolve and manage these issues to allow trade liberalisation to thrive.
- 2.4. Both parties need to be aware of the scope of this undertaking, and its importance for the economy. The transatlantic economy employs approximately 15 million people and accounts for about half the entire world GDP, investments reach \$1 trillion in a year.

Owing to the potential of investment as a driver for growth, innovation and job creation, it is vital for the partnership to reinforce confidence in investment and commits to the highest level of protection of investments.

2.5. We have set out some of our points in more detail below.

3. HLWG agenda – key issues

3.1. The elimination of remaining tariffs

3.1.1. ICC UK believes that all remaining tariffs should be eliminated. We acknowledge that tariffs in most areas are already relatively low, but it is our view that the elimination of remaining tariffs could raise US and EU exports considerably and improve the global competitiveness of EU and US business.

3.2. Reduce and eliminate non-tariff barriers to trade (NTBs)

3.2.1. Non tariff barriers to trade represent the greatest obstacle to trade. The reduction and elimination of existing NTBs will figure an important part of the agreement, and has the potential to bring the greatest gains to business and consumers.

3.2.2. In addition to the reduction and elimination of NTBs, the agreement should also address the issue of prevention of future NTBs to avoid the build up of new/emerging regulatory trade barriers. A number of issues requiring particular attention are outlined below.

Intellectual Property Rights (IPR)

3.2.3. ICC UK is committed to improving the cooperation and coordination on IP issues between the EU and US, in particular strengthening the protection of IP rights. Greater cooperation on this matter should be a priority bilaterally but also vis-a-vis other states and in multilateral forums. An aligned EU-US strategy could be a useful tool to effectively address third countries that fail to enforce IP rights in their countries.

3.2.4. Enhanced EU-US cooperation should also include IP protection in e-commerce and the combat against counterfeiting of goods. For this, coordination of action and dialogue with important players involved in the internet ecosystem should be sought following the principles of online freedom of expression.

Investment

3.2.5. Strong investment protection and favourable, open investment policies are important to attract foreign investment to spur innovation, economic growth and development.

3.2.6. ICC UK welcomes the EU – US investment principles which provide a model for creating and maintaining stable, predictable and transparent investment regimes. These principles which both the EU and US have implemented in their investment

regimes, present a strong signal for maintaining a stable investment environment. The transatlantic partnership agreement should endorse these principles and provide strong investment protection ensuring the rights outlined in existing agreements.

Public Procurement

- 3.2.7. Governments and their agencies are the biggest purchasers of goods and services. Open and fair access to public procurement markets can therefore contribute to growth and competition. An agreement between the EU and US, which would open public procurement markets across the Atlantic, has the potential to enhance procurement markets globally.
- 3.2.8. In this connection, it is vital to ensure that any EU – US agreement is compatible with the WTO Government Procurement Agreement (GPA). Any agreement between the EU and US on this subject should aim to reinforce the GPA and aim to improve access for EU and US business to public procurement markets in other countries. This is an important principle that should be mirrored in other areas where possible.

Data flow

- 3.2.9. Cross-border data flows are an important foundation of all international trade transactions. It is vitally important for future economic development that information and data can flow freely across borders. It is therefore crucial for EU and US authorities improve their cooperation on these data protection policies. Greater EU – US coherence in this area would also help shape a more global approach on digital policies and information transfers.
- 3.2.10. Barriers to trade are being employed by various countries in form of restrictions on cross border data flows or the location of storage, for example. In the WTO GATS, certain freedom for restrictions is provided for reasons of national security, privacy and public safety. Given the leading position of the EU and US in the ICT sector, it is crucial for the EU and US to modernise their approach to services trade to address the issues of cross border data flows. Again, an agreement in this area could set a template for future multilateral negotiations.

Rules of origin

- 3.2.11. We are aware that there remain significant transatlantic differences on rules of origin, and ICC UK supports any EU-US initiative to work on the harmonisation of these sets of rules.

3.3. Mutual recognition of regulation and standards

- 3.3.1. Improved cooperation on standards and regulations would yield significant benefits for international businesses. For example, despite common goals on health and safety, the approaches of the EU and US to achieve these can be fundamentally different due to cultural and legal reasons.

- 3.3.2. ICC UK acknowledges that harmonisation of standards or regulations can therefore be difficult. We believe that mutual recognition could be a way forward, and would encourage the EU – US High Level Working Group to explore regulations and standards which could be subject to mutual recognition.
- 3.3.3. Closer regulatory cooperation could bring great benefits, such as increasing efficiency and cutting costs. We believe that there is scope for closer cooperation on health and safety standards but also on technical regulations. We would encourage the High Level Working Group to start an enhanced dialogue on the potential for cooperation and mutual recognition on regulations and standards. Any dialogue on these issues should involve the participation of stakeholders, including industry, from the EU and US.
- 3.3.4. On financial services, it is our view that cooperation remains critical to ensure that markets are safe, robust and well regulated whilst supporting growth and employment. Particular focus needs to be placed on the extraterritorial impact of the Dodd-Frank Act.

3.4. **Global Trade agreements**

- 3.4.1. As an international business organisation it is our mission to promote free trade and global market liberalisation. We remain convinced that the best way to open up markets is the multilateral approach at the level of the WTO. It is therefore vital, that the EU and US continue to encourage the application and enforcement of the WTO Trade Rules and Principals, and continue to try to find a way out of the Doha deadlock.
- 3.4.2. Given the importance of the EU and US both commercially and politically in the world, it is hoped that this bilateral EU-US initiative may generate incentives for further economic integration globally. It is our hope that deeper transatlantic economic integration will have a positive impact on multilateral trade negotiations—perhaps similar to the impact that the EU single market programme had on the conclusion of the Uruguay Round.
- 3.4.3. We would encourage the High-Level Working Group to explore whether market opening can be progressed in certain areas through bilateral or plurilateral initiatives which eventually could be brought back into the WTO multilateral framework once the participation of a critical mass has been reached.
- 3.4.4. We fully support the initiative to explore scope for negotiations on a plurilateral agreement on services liberalisation, and would encourage the Working Group to take a leading role in discussions around an agreement on trade facilitation as part of the Doha Round negotiations (early harvest) which would significantly reduce costs for transatlantic and international trade.
- 3.4.5. Further, both the EU and US should continue strengthening the Dispute Settlement Mechanism at the WTO and use this mechanism to resolve any disputes. We understand however, that there are existing differences between the EU and US, and

we encourage the Working Group to work on developing other types of mechanisms that can be used to resolve some of these disputes.

Next steps

We trust these comments will be helpful and look forward to further engagement in the process. Should any further assistance or information be useful with regard to the above, please contact ICC UK's Secretariat: Dorothee Heinze, Senior Policy Advisor, ICC UK (dheinze@international-chamber.co.uk)