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Position Paper on Enhancing the Transatlantic Economic Relationship

Executive Summary

The American Chamber of Commerce to the European Union (AmCham EU) – the voice of companies of American parentage committed to Europe – lends its support to the US-EU Declaration on Strengthening Our Economic Partnership, agreed at the June 2004 Summit in Ireland. The declaration and the stakeholder consultations resulting from it represent the beginning of a process leading to a deeper transatlantic economic relationship, a process that should have the removal of all barriers to transatlantic trade as its ultimate goal. With this document we seek to provide input to the consultations launched by the EU and US.

Generally, Amcham EU supports a process that will yield, over the medium term, common standards, norms and regulations for business on both sides of the Atlantic – and often referred to as a ‘barrier-free transatlantic market’. We also believe that strengthening the transatlantic economic partnership goes hand in hand with strengthening the single market in Europe. Intra-EU barriers to business activity also act as barriers to a truly open transatlantic economy.

In particular we see opportunities for further and deeper cooperation in the following areas:

- *the digital economy: on data retention, spam and transatlantic cooperation on network security;*
- *capital markets: on the EU-US Financial Services Dialogue;*
- *transport: in several areas, including civil aviation, noise management at EU airports, air traffic management, and motor vehicle technical regulations;*
- *consumer protection: on product liability;*
- *environmental policy: on increased dialogue in general*
- *agriculture and food: on GMOs, traceability, and nutrition and health claims;*
- *security: on antiterrorism security solutions;*
- *defence: on congruent security policies;*
- *competition policy: Merger review and state aid;*
- *corporate governance and auditing: greater regulatory coordination;*
- *international accounting standards: on greater harmonization;*
- *regulatory cooperation: on an agreed set of fundamental principles for risk assessment and self and co-regulation;*
- *intellectual property rights: on coordinated approaches for third country enforcement;*
- *trade facilitation and security: on standard data requirements for customs on an EU wide basis, and across the Atlantic; and*

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- *tariffs: a further reduction of tariffs will help to simplify trade and reduce cost.*

Finally we note that a timely and successful conclusion of the current Doha Round of WTO negotiations is critical both to global trade relations and to the continuing improvement of US and European competitiveness. A multilateral rules-based trade system is crucial to sustain economic recovery and to extend the benefits of global trade worldwide. AmCham EU members believe that this bilateral initiative and the Doha Round negotiations are mutually supportive.

Introduction

The American Chamber of Commerce to the European Union (AmCham EU) – the voice of companies of American parentage committed to Europe – lends its support to the US-EU Declaration on Strengthening Our Economic Partnership, agreed at the June 2004 Summit in Ireland. The declaration and the stakeholder consultations resulting from it represent the beginning of a process leading to a deeper transatlantic economic relationship, a process that should have the removal of all barriers to transatlantic trade as its ultimate goal. With this document we seek to provide input to the consultations launched by the EU and US.

AmCham EU believes that strengthening the transatlantic economic partnership goes hand in hand with strengthening the single market in Europe. Intra-EU barriers to business activity also act as barriers to a truly open transatlantic economy. The transatlantic economic partnership will benefit from making and keeping the EU a good place to do business, encouraging further investment and fostering trade in both directions.

Accordingly, our input is not restricted to transatlantic issues as such and will address a range of policy issues that cover both specific transatlantic issues as well as single market-related topics.

Enhancing the transatlantic economic partnership

Current trade and investment between the EU and US is hugely significant. EU-US economic relations are growing ever stronger and to see this one only has to look at the impressive figures on transatlantic trade and investment. It would be impossible to imagine the European marketplace without US business involvement and vice-versa.

Numbers published recently by the Center for Transatlantic Relations show that in 2003, total transatlantic trade was a massive \$549 billion (€450 billion), while US-owned companies made \$77.1 billion (€63.2 billion) in affiliate income in Europe, a 30% increase on 2002, and European-owned companies made \$46.4 billion (€38 billion) in affiliate income in the US, easily surpassing 2003 figures. Even more significant are the investments made by EU and US companies across the Atlantic.



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The transatlantic economy generates roughly \$2.5 trillion per year and employs over 12 million workers in mutually insured jobs. European firms held some \$3.7 trillion in US assets in 2001, nearly 70% of the total. US foreign affiliates in Europe achieved sales of \$1.5 trillion. Behind these numbers are jobs, economic opportunity and wealth creation which fuel the continued prosperity of both continents.

What is priceless, however, is the political relationship that the economics support – shared values, political stability, and a general belief that when the EU and the US work together, the world is a better place. Lending political support to enhancing the current economic relationship is critical to strengthening all other aspects of the transatlantic relationship.

Removing barriers

Where should the US and EU economic relationship be in ten years and what steps should we take to meet these goals?

Over the medium term, AmCham EU supports a process that will yield common standards, norms and regulations for business on both sides of the Atlantic – an idea being discussed in many circles and often referred to as a ‘barrier-free transatlantic market’.

Central to achieving a barrier free transatlantic market will be the creation of a truly single European market, as these processes will reinforce each other. The establishment of a barrier free transatlantic marketplace that is not complimented by a single European market would merely result in *moving* rather than *removing* the barriers.

In order to gain a better understanding of the necessary steps, we would encourage governments to:

- set sector-specific targets with a strict timetable;
- provide opportunities for establishing regular fora for regulators to meet, plan and work out differences in interpretation and enforcement;
- demonstrate success in key areas right away – a good start would be to initiate regular parliamentary/congressional financial services summits and
- initiate a study of the costs involved in order to quantify for citizens, employees, governments and company boards and investors alike, the extent of growth potential that can be achieved.

Delivering the Single Market in the EU

The European Union is losing ground to its competitors. The achievement of a competitive single market – as pointed out in the recent report on the progress of the

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EU's Lisbon Strategy prepared by a High Level Group chaired by former Dutch Prime Minister Wim Kok – is vital for the future of Europe. It would also make a major contribution towards strengthening the transatlantic economic relationship by encouraging trade and investment.

Converging Transatlantic Policies

Where are there opportunities for further and deeper cooperation?

There are a number of policy areas that would benefit from synchronizing EU and US objectives and, more importantly, methodology. These policy areas include:

- ***Digital Economy***

Secure and open data networks are essential for a transatlantic market that is facilitated increasingly by the digital flow of information. Crucial issues include:

- *Data retention:* in the EU, the Commission is currently proposing a framework decision on data retention, which would conflict with the existing Directives on Data Privacy and Electronic Communications. The proposal would compel service providers to store data for a period of at least 12 months and not more than 36 months following its generation. The legislation does not provide for any estimate of the costs this will impose on business, nor does it provide for recovery of the legitimate costs incurred from retaining data.

Data storage requirements should not exceed what is necessary to achieve law enforcement objectives. Inconsistent and disproportionately heavy retention requirements will drain limited resources without strengthening either the cooperative bond between law enforcement authorities and communication service providers or the investigative utility of information retrieved from such measures;

- *Spam:* AmCham EU welcomes and supports the increased political attention being given to the issue of spam on both sides of the Atlantic. Given the cross-border nature of spam, this presents an opportunity for transatlantic cooperation.

In Europe, enforcement regimes could be strengthened by promoting coordination between national enforcement authorities that share jurisdiction over the various illegal practices of spammers. Consideration should be given to the creation of strong, dedicated anti-spam authorities at both national and EU levels and formal mechanisms should be established to facilitate cross-border

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cooperation amongst the EU's separate anti-spam authorities. Industry and national authorities should cooperate to identify, investigate and prosecute spammers.

Given that the US and EU have recently adopted differing legislative approaches to combating the spam problem, efforts should focus on enforcement cooperation rather than on harmonising the laws. As many of the networks used to distribute spam are controlled in China and Russia, the EU and the US should unite to ensure that they make clear, in their bilateral dialogues with these countries, the need to crack down on spammer networks.

- *European Network and Security Agency (ENISA)*: AmCham EU supports the creation of the ENISA with the purpose of enhancing the ability of the European Union and its Member States to prevent and respond to network and information security attacks. At the same time, it is important that the Agency does not exceed its legislative authority and become a standards-setting body. The Agency will only succeed if it brings together existing diverse interests in useful and collaborative ways, including third countries such as the US.
- **Capital Markets**
Capital markets (including bonds, equities and bank assets) currently amount to \$50 trillion in both the EU and US, equivalent to about six times GDP for both and responsible for 60% of world trade in commercial services. The current effort to unify the EU's capital markets may well result in two, segregated capital markets unless governments on both sides commit now to concrete measures to achieve a more unified market. Important concerns include:
 - *The EU-US Financial Services Dialogue*: AmCham EU strongly supports a strengthened dialogue between politicians and between administrators on both sides of the Atlantic. Going forward, the dialogue should evolve from its origin as a means of informing US officials of EU single market developments and from its more recent incarnation as an exchange of views on 'spillovers' (cases where legislation has extraterritorial effect, such as the Sarbanes-Oxley Act, for example) to a more forward looking discussion of regulatory convergence. We see scope for discussing issues as varied as capital requirements, investor protection rules, corporate governance, non financial disclosure and reporting, and accounting and audit standards. The dialogue must be expanded to include not just regulators but all actors involved in introducing, implementing and enforcing legislation in the financial services arena. This must include the Commission, US regulatory bodies, European national regulators, the European

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Parliament, US Congress and Senate and EU Member State governments. Transatlantic cooperation is not only mutually beneficial, it is an economic, political and regulatory necessity.

- *Transport issues*

- *Civil aviation:* on June 25th 2003, the European Union and the US agreed on the opening of negotiations for an overall agreement on air transport liberalisation. However, on June 11th 2004, EU transport ministers refused to conclude a deal with the US. Negotiations are now set to resume following the recent stocktaking meeting in October 2004. Business supports negotiations to further liberalise the transatlantic aviation market. Liberalisation will bring significant benefits to European and American economies. Business understands that there are difficult issues to be addressed and that all stakeholders should be involved in the process. But we believe there are real benefits to be gained and urge both sides to renew their efforts to conclude this important initiative.
- *Noise management at EU airports:* Operating restrictions and airport closures at night at EU airports affect the functioning of the EU Single Market as well as the smooth and efficient flow of goods between the EU and the US. EU Directive 2002/30/EC on 'the Establishment of Rules and Procedures with regard to the Introduction of Noise-Related Operating Restrictions at Community Airports', commonly known as the 'Noise Management Directive' entered into force on April 1st 2002 and had to be implemented in Member States by September 2003. The Directive applies to noise-sensitive airports and provides a framework which allows the gradual withdrawal over a period of five years of so-called marginally compliant aircraft on an airport-by-airport basis. The Directive is a useful first step for the airline industry in that it requires EU Member States to adopt a balanced approach to noise management and to undertake assessments, including a cost-benefit analysis of the various measures available. However, many countries including Germany, Italy, Luxembourg, the Netherlands, Austria, Finland and Sweden have so far failed to inform the Commission of their implementation of Directive 2002/30/EC.
- *Air traffic management:* demand on the air traffic system is nearing existing capacity in both Europe and the US. As a result, activities are underway in both regions to modernise infrastructure and operations in order to generate additional capacity. Successful deployment of these plans will require cost-effective solutions for both air and ground systems. Transatlantic cooperation leading to harmonised plans is key to maximizing the business case for all stakeholders.

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There are many good examples of cooperation between the Federal Aviation Administration (FAA) and Eurocontrol on aviation research and the Joint Aviation Authorities (JAA)/European Aviation Safety Agency (EASA) and the FAA on regulation. This same spirit of cooperation needs to be applied to air traffic system modernization, rather than allow it to become a transatlantic competition. The Single European Sky and US Joint Planning and Development Office (JPDO) initiatives should be aligned, in particular through the active involvement of the industry. Doing this will minimise government and industry investments and accelerate the availability of the desired system capacity.

- *Motor vehicle technical regulations:* in general terms, the ultimate goal in this area must be global harmonization of motor vehicle standards and certifications with the full participation of the US and the EU. The public health challenge, for instance, of motor vehicle safety exists virtually everywhere. Although the highest priorities among the near-term options and actions for improving overall road traffic safety may differ among specific economies, the basic character of motor vehicle-specific safety needs is similar throughout the world. Accordingly, at least a common tool box, including common test devices and procedures, is a priority regulatory harmonization objective. The existing UN Economic Commission for Europe's World Forum for Harmonization of Vehicle Regulations (WP.29) should be used more effectively for this purpose. Additionally, a closer relationship between the European Commission and the US National Highway Traffic Safety Administration (and Environmental Protection Agency) could help expedite regulatory coordination.
- ***Consumer Protection***
Improvements in U.S. product liability laws and court practices should be made to make exposure reasonably predictable and insurable.
- ***Environmental Policy***
In the EU, environmental policy has increasingly focused on products – be they automobiles, electrical products, products containing fluorinated greenhouse gases, chemicals or indeed environmental technologies – products that are traded within the single market and internationally. Inevitably, such environmental legislation will have an extraterritorial effect and could be the cause of transatlantic tension. It is accordingly crucial that the US and the EU have a regular and thoroughgoing dialogue on environmental issues. The use of the Energy Star on both sides of the Atlantic is a good example of the benefits of transatlantic dialogue. A dialogue between US and EU environmental decision makers needs to be revived to improve bilateral

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cooperation and both sides need to promote global approaches via the development, use and recognition of international standards (ISO etc) and international industry initiatives. We encourage the US and EU administrations to work together on the EU's draft Energy Using Products framework directive and to work towards greater harmonisation of policy, such as in the waste area.

We would also encourage both governments to base environmental policy decisions on risk assessment in which science is applied and where the most cost-effective mechanisms are used to achieve environmental benefits. A common language is important to avoid misunderstandings, especially as regards the fact that the global context is becoming increasingly complex and environmental regulations in one region are not necessarily applicable in others. We encourage both sides to engage in a wider use of the various policy mixes available, particularly voluntary and/or standards-type instruments.

- ***Agriculture and Food***

- *GMOs*: Additional thought should be given to implementation and enforcement of the European legislation relating to GMOs. The Commission has had to open infringement proceedings against several Member States to encourage their implementation of the basic Biotech Directive (2001/18/EC) laying down rules for the deliberate release into the environment of genetically modified organisms. Moreover, the moratorium on the approval of GM crops effectively meant that the implementation of existing EU law has not been and is still not functioning in an effective manner. It will be important to ensure effective implementation of the legislation throughout the EU in order to encourage transatlantic trade and investment in this area.

Looking at the wider picture, transatlantic discussions should seek to address or remedy potential conflicts in the future. This would include a focus on synchronous product approvals and on issues of adventitious presence in conventional seed.

- *Traceability*: the regulatory regimes relating to tracing and tracking in the EU and the US should not diverge further. The aim of the EU's regulation in respect of traceability is to ensure a safe and secure food chain in today's global economy. Convergence of the two systems will help to achieve this.
- *Nutrition and Health Claims*: the European Commission has stated that its proposal for an EU regulation on nutrition and health claims made on foods is similar to the existing system of regulating health claims in

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the US. However, whilst there are some similarities between the proposal and the US system, there are also some fundamental differences which would increase regulatory divergence between the US and the EU, if the proposal were to be adopted in its current form. Essentially the US system is underpinned by flexibility which means that it is able to adapt to particular situations, thus ensuring its practicability and its proportionality. The EU proposal would benefit from reflecting more closely the US system for the regulation of claims since this would ensure it was not only based on sound science, is proportionate and effective but would also ensure consumers receive meaningful, balanced and complete information.

- ***Security and Defence***

Protection of citizens from terrorism is of the utmost importance for the social and economic advancement of both the US and the EU. Similar to actions taken in the US, a political and institutional process has been launched within the EU aimed at establishing a comprehensive civil security program. AmCham EU supports initiatives fostering transatlantic cooperation in areas such as antiterrorism security solutions, common technical standards, cooperative research programs, and technological compatibility.

The EU-US defence partnership is unique. The new global security environment demands new security thinking and new military capabilities. This includes partnerships and joint defence programs between American and European companies, congruent security policies, interoperability, and technology sharing. It also requires new capabilities. Transatlantic collaboration on related research projects – for example under the Seventh Framework Program on the EU side – would help enable the above. Finally, future security challenges can only be properly addressed when there is a level playing field – that is to say, free and fair competition – for American and European companies operating in the defence and security sectors.

- ***Competition Policy and Barriers to Investment***

Differing approaches to the regulation of competition questions, merger review, and barriers to foreign investment continue to hamper direct investment between the United States and Europe. We consider that these issues are among the most pressing for the future development of transatlantic cooperation in competition policy:

- *Merger control:* The EU has reformed its merger control system as part of a wider effort to improve its handling of competition policy. Business should welcome the reform since it allows greater flexibility in certain key areas such as submission of notifications and jurisdiction, and more predictability on substance by publishing an

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analytical framework. The reforms highlight convergence with merger control regulations in the US

- *State aid*: the EU should continue to regulate public service monopolies to avoid distortion of the level playing field as a result of cross subsidisation. Fair competition in the services sector, including areas such as energy, telecom and postal services, is a pre-condition for attracting foreign investment, investment that could further strengthen the transatlantic economic relationship

- ***Corporate Governance and Auditing***

Following on from a number of high profile corporate governance scandals on both sides of the Atlantic politicians and regulators have come under intense pressure to review and strengthen their corporate governance approaches. The US response to this was to introduce the Sarbanes-Oxley Act, the broad scope of which has raised many concerns for foreign market participants, which include the following:

- the act is very much related to the US legal environment and can be seen as a reaction to mainly US financial reporting problem and
- many of its provisions are unnecessary, disproportionate, burdensome and result in ‘double regulation’.

Had full consultation with third countries taken place many of these difficulties could have been avoided. Regulatory convergence must be pursued as a goal in addition to the concepts of mutual recognition and equivalence.

- ***International Accounting Standards***

The existence of different accounting standards between Europe and the United States continues to cause problems for companies that wish to operate efficiently in the transatlantic marketplace. Convergence of accounting standards should translate into greater transparency, ultimately increasing the comparability of financial statements for investors and lower costs for cross-border issuers. In February 2001 the Commission presented a proposal for a regulation that will require all EU companies listed on a regulated market to prepare their consolidated accounts in accordance with the international accounting standards (IAS). This requirement will enter into force for most companies by 2005. We believe that the following represent considerable obstacles to further transatlantic economic integration:

- the continued lack of convergence between IAS and the US Generally Accepted Auditing Principles (GAAP) means double regulation for many companies, it would be extremely regrettable to miss out on the chance of convergence because of political interference; and

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- the remaining questions relating to the full adoption by the Commission of all IAS standards.

How can the US and the EU do more to advance competitiveness and innovation?

AmCham EU believes that as outlined in its brochure *Competitiveness: Legislation to Drive Forward Europe's Economy*, action should be taken in the following areas to improve Europe's competitiveness:

- internal market for services;
- enforcement of EU law;
- community patent;
- fiscal incentives for R&D;
- posting of workers;
- flexibility of working conditions;
- impact assessments;
- highlight best practice;
- REACH and
- government sustainability

Recognizing the cultural differences between the US and the EU, both sides should promote policies that allow the consequences of failure as well as the rewards of success. Both the US and EU are world leaders in innovation. To retain these leadership positions, pro-innovation policies must be in place, particularly those that foster and reward research and development (R&D).

- The US and EU should offer incentives on a permanent – or at least long-term – basis for the private sector to undertake research and development activities.
- In the past, the US and some EU countries have offered innovation programmes that quickly expire. An 'on again, off again' approach undermines the goal of encouraging private sector actors to invest in R&D by hindering their ability to plan for the mid to long-term.
- Some have asserted that R&D credits 'reward' companies for activities they would undertake anyway. There is little evidence to support this claim. A recent study by the Organisation for Economic Cooperation and Development (OECD) found that R&D incentives typically increase private research spending by an amount equal to the credit given. A report by the former US Congressional Office of Technology Assessment concluded the same. Anecdotal evidence also supports these findings. According to a survey of high-tech manufacturers in the US state of Virginia, respondents cited R&D tax credits as the single most important government-supported action that could affect their future R&D activity levels. The same survey found that 80% of respondents said that government programmes or policy were a

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“major” influence on their ability to maintain or increase their R&D presence. Studies examining the effect of R&D credits on the broader economy typically find a return in the range of 1:3 to 1:5.

What should be done to better mesh US and EU regulatory approaches?

Effective cooperation between America and Europe on regulatory affairs is crucial for companies of American parentage operating in the EU. Different approaches to risk assessment and regulatory review create the risk that EU and US regulators, when reviewing the same product, come to divergent conclusions that then give rise to frictions in the EU/US trade relationship. Domestic regulatory agencies are simply not designed to take into account the transatlantic and global nature of most major companies operating in the transatlantic marketplace. Such differences can also have adverse consequences in terms of the costs imposed on the companies involved and the time and resource burdens imposed on the respective regulators. Duplicate efforts required due to lack of regulatory harmonization decrease the affordability of consumer products and services. Many of the areas listed above as candidates for future transatlantic cooperation would benefit if similar procedures for risk assessment and regulatory review were in place.

AmCham EU accepts and agrees that every regulatory authority has not only the right, but also the responsibility, to ensure that specific products are suitable for use in the territory for which that regulator is responsible. AmCham EU believes, however, that promoting greater consistency between EU and US risk assessment and regulatory review procedures can benefit affected companies, the broader public and responsible regulators.

There are a number of ways to promote such improvements. These can range from full-blown mutual recognition agreements to sector-by-sector initiatives aimed at promoting conformity in product approval applications (eg, such as are now being discussed in the pharmaceutical sector).

Importantly, however, they can also include a commitment by EU and US regulators that they will apply – across all sectors – an agreed set of fundamental principles designed to put into practice the general commitments that each side has undertaken with respect to regulatory transparency, stakeholder involvement and reliance upon sound science.

These principles should include:

- transparency/access and disclosure of data;
- right to comment and rebut;
- right to challenge other stakeholders’ scientific approach & methodology;
- peer review of stakeholder submissions;
- stakeholder involvement in the development of new evidence;

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- full consideration of evidence developed in other markets and
- role of external consultants & experts in risk assessment & review processes

Finally, we welcome initiatives that support common measures to promote self-regulation and co-regulation. Creating a common understanding of alternative regulatory models between the US and the EU would allow for these more flexible and quicker instruments to assist in the creation of a harmonised market beneficial both for business and consumers.

How can we enhance transparency and public participation in economic policy formulation?

Since 2001, the EU has been engaged in improving the quality of its regulatory methods in a process known as the 'Better Regulation Initiative'. Areas that have been targeted for improvement include: processes for consultation with stakeholders; impact assessments on new legislative and regulatory proposals; and increasing transparency in the decision-making process; in particular the process known as comitology. Furthermore, many EU Member States have independently adopted initiatives that also attempt to improve regulatory quality and are now working together in a comparative learning process.

AmCham EU has consistently called for wiser regulation, basing the choice of policy instruments upon clear and transparent rules; systematic impact assessments; better coordination of EU initiatives; objective justification for policy choices; adequate and timely consultation; and better implementation and enforcement of existing legislation.

As a specific measure, AmCham EU supports the sharing of best practice between regulators and stakeholders on both sides of the Atlantic as part of a continual effort to improving the regulatory environment.

What should be done to further liberalise transatlantic trade in services?

Liberalisation of trade in services in their different forms brings economic benefits in the first instance to countries that open their markets. Business competitiveness cannot be achieved exclusively on a national or even regional basis. New ideas, services and techniques are increasingly accessible through new means of delivery, such as electronic trading, and no local business is any longer immune to the challenges of competition and innovation. Companies, whether European or American, need to be competitive globally. Their expansion is still hampered by quite a number of laws, regulations and practices that inhibit business creation in other countries and prevent them from benefiting from greater interaction and integration between their worldwide operations. The Doha Round negotiations on services aim to remove these obstacles. AmCham EU strongly supports the progress made in these

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negotiations and urges the European Union and the United States to invigorate the process, working towards an ambitious final result.

As regards specific transatlantic barriers we suggest the following improvements to the regulatory frameworks for services:

- eliminate regulations that intend to protect local providers from competition and, probably more importantly, from domestic regulations intended to protect defined national interests;
- reduce and remove obstacles to the free movement of people;
- ensure that technical regulations are not prepared, adopted or applied with a view to or with the effect of creating unnecessary obstacles to international trade in services;
- promote administrative and regulatory transparency. Clear and reliable information about EU and US particular services laws and practices advances trade and competition, reduces the possibility of manipulation, and is an essential component of a liberalising agreement;
- increase transparency to facilitate foreign firms' ability to do business. Transparency requirements make countries more accountable for their actions and provide information needed to evaluate compliance with the agreement.

In addition, transatlantic economic integration would be furthered by the approval by the EU's legislator of the Commission's proposal for a Directive on Services in the Internal Market. AmCham EU believes that intra-EU trade would be greatly stimulated by the creation of a true single market in services. We note that the Dutch government has estimated that very significant increases in trade would result from the adoption of the Commission's proposal, and that foreign direct investment could rise by as much as 35%. This is significant as American direct investment in the EU already exceeds \$850 billion and directly supports over 3.5 million jobs.

How can the US and EU cooperate more effectively in third markets, such as promoting transparency and protection of intellectual property rights?

Intellectual property issues often lie at the heart of any debate concerning innovation and competitiveness in a global economy and AmCham EU is committed to working with the EU institutions to create a strong, cost effective system for obtaining and enforcing intellectual property rights for all parties involved. The protection of intellectual property rights on a global level is an ideal area for EU-US cooperation.

Measures to be taken could include the following:

- both the EU and the US are currently developing programmes and strategies in the fight against counterfeiting and piracy. As this is a truly global problem we

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would strongly encourage the EU and the US to coordinate their approaches (for example the EU's enforcement strategy for intellectual property rights in third countries and the US' STOP! programme). This could range from exchange of information between enforcement authorities to joint programmes of technical assistance.

- the EU and US should also work together to support the efforts of the World Intellectual Property Organisation to harmonise international patent application procedures.

How can the US and EU address remaining traditional market access barriers, such as tariff rates and customs procedures?

AmCham EU has identified trade facilitation and security as a policy area that will require attention. The EU is in the process of introducing pre-arrival and pre-departure declarations in early 2005. AmCham EU urges the EU to adopt the same standard data requirements on an EU wide basis, as those currently required under the US system. This will be a positive step forward towards the harmonisation of data requirements on a global level, and will potentially lead to the joint recognition of the steps taken in the US and the EU to ensure the security of companies involved in the global supply chain.

AmCham EU welcomes the concept of authorised economic operator (AEO) put forward by the EU, and is hopeful that this will provide business with simplified and harmonised procedures and systems on an EU-wide basis. Care must be taken to ensure that security-related measures do not dilute the advantages to business of simplification and harmonisation. If security concerns do override facilitation this will create further fragmentation of the EU into 25 different interpretations of customs procedures.

AmCham EU supports the planned revision of the Customs Code, which is based on the Communication on e-customs and encourages a process of close consultation with business during the drafting of the implementing provisions. Close consultation with business will ensure that agreements on procedures will be transparent to business, rather than is currently the case with the use of committee procedures which lack transparency.

AmCham EU welcomes the European Commission's intention to modernise preferential origin rules and its consultation of stakeholders, and hopes that this will lead to simplified rules allowing accumulation and leading to increased utilisation of preferences.

Do you experience problems when tendering for public contracts in the US? If so, what should be done to remedy these problems?

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In most countries the government and its various agencies are, together, the biggest purchasers of goods and services of all kinds, ranging from basic commodities to high-technology equipment. Government procurement represents nearly 15% of the world's GDP. Transparent and competitive procurement practices would therefore open up potentially enormous market opportunities and deliver a broader choice of better quality goods and services to governments and citizens.

AmCham EU supports the launch of negotiations on transparency in government procurement in the WTO and calls on both the EU and the US to set an example to all WTO members in this area by adhering to the highest possible standards.

Do you think that a further reduction or elimination of tariffs between the EU and US is important? If so, which or in which sectors?

Further reduction and eventually elimination of tariffs between the EU and the US will help to simplify trade and reduce cost. The more open the transatlantic market the greater its benefits to both the EU and US. Efforts to strengthen the economic partnership across the Atlantic should however go beyond reduction of tariffs on goods and the identification of trade barriers as such. As indicated, trade only accounts for a small part of the transatlantic economic market place.

Do you have any comment on the possible impact that strengthening EU-US bilateral integration might have on the multilateral trading system and the interests of developing countries?

The timely and successful conclusion of the current Doha Round of WTO negotiations is critical both to global trade relations and to the continuing improvement of US and European competitiveness. A multilateral rules-based trade system is crucial to trigger economic recovery and to extend the benefits of global trade worldwide. AmCham EU members firmly support the goal of achieving a final agreement on the Doha Round as soon as possible and urge the US and the EU to make all efforts possible to forge progress in liberalising trade and opening up markets.

Complementary to the multilateral efforts undertaken by the WTO, we support common standards, norms and regulations for business on both sides of the Atlantic. We believe that this bilateral initiative and the Doha Round negotiations are mutually supportive.