



## TABC Position on Brexit

The Trans-Atlantic Business Council (TABC) is an association of American and European companies with significant investments and operations in the U.S. and EU. An important part of our mission is to promote an open transatlantic market that contributes to economic growth and innovation. TABC serves as a platform for EU and U.S. companies to jointly address trade, investment and regulatory barriers. Consequently, our members have promoted and continue to support the completion of the EU Single Market.

TABC member companies along with the greater business community rely on the Single Market to provide a predictable, common regulatory framework which allows for unimpeded access for goods, services, people and capital from the UK to the rest of the EU and vice versa. This has often been a central consideration in investment decisions about where to locate employees, plants, offices, research & development facilities and marketing operations. The member companies TABC represents have become integrated parts of the economy by reinvesting, creating jobs and training while improving consumer choice by providing greater options for products and services.

The result of the June 23 referendum on the UK's membership in the European Union introduces substantial levels of legal, commercial and economic uncertainty as well as concern amongst investors, customers, suppliers, employees and Governments of other countries. Therefore, the TABC encourages the UK and the other 27 members of the EU to negotiate an agreement which will allow investors in the UK economy - including our members - to continue promoting growth and employment in the UK and in the EU. With this paper, we highlight the initial concerns of the transatlantic business community related to Brexit. Our primary recommendation is that both sides seek to ensure minimal disruption to trade and investment opportunities within the future triangle encompassing the UK, the EU and the U.S.:

- Single Market & Customs Union Access: TABC members across all sectors highlight the mutual benefit of the Single Market between the UK and EU, including the ease of customs procedures and goods movement intra-EU as fundamental to the promotion of employment and growth opportunities. The establishment of new barriers between the UK and the rest of the EU would have serious negative consequences for jobs, growth, innovation, capital flows and consumer choice in the UK as well as the EU. The continuation of efficient and common regulatory frameworks, standard setting, product requirements, and testing & certification procedures for products and services should be the objectives of any negotiations.
- Professional Mobility: TABC member companies benefit greatly from the ability to hire, deploy and retain talent across the EU. Disruption of this benefit between the UK and EU

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would hamper businesses from moving qualified professionals and experts to where they are most needed. Therefore, it is essential that when negotiating and agreeing upon any new structures for labour mobility between the UK and the EU, decision-makers recognize the immense benefits of a fluid labour market on economic growth. Any agreement should enable UK and EU businesses to recruit and deploy staff in both directions so that skills shortages can be addressed as efficiently as possible, without additional delay or bureaucracy, and without disruption to company operations. Companies need continued freedom to move experts across the Continent and the UK on an intra-corporate transferee basis. For example, given the HS2, Heathrow, nuclear and other major infrastructure projects in the UK over the next decade, it will be important too to allow adequate workforce into the country from EU and other nations to meet the demands for civil engineering and contracting. Furthermore, certainty is necessary regarding arrangements to retain EU nationals currently entitled to work in the UK as well as UK nationals working elsewhere in the EU, even post-withdrawal.

- Data Flows: In order to safeguard the continued benefits of digital products and services enjoyed by consumers, businesses, and governments alike, the UK and EU should work to prevent new restrictions on trans-border data flows, or new data localisation obligations. To this extent a preliminary adequacy determination for the UK as part of the implementation of the new EU General Data Protection Regulation should be a key component of any negotiations. The UK must keep the protection of civil rights in focus in order to be seen as an equivalent regime for data security and data protection to ensure free data flows for all sectors.
- Trade: The UK needs to first clarify its future relationship with the EU before our members can undertake an assessment of possible future trade arrangements with third countries. We believe the UK would most benefit from remaining party to existing or planned EU bilateral and WTO multilateral trade deals. Future trade arrangements between the UK and the EU following the UK's departure should be of mutual benefit and comprehensively address trade in goods, trade in services (including financial, e-commerce and digital services), trade tariffs, technical barriers to trade and other non-tariff barriers.
- Innovation and Research: A clarification of the UK's relation to the Single Market is also a prerequisite for the further cooperation in the area of Innovation and Research. UK-based parties including universities, research bodies and companies should to the maximum extent possible retain access to bid for R&D and related funding, e.g. Horizon 2020. A continued cooperation of EU and UK universities with business is important for future growth and innovation. Retaining and developing UK participation within existing and future EU Innovation and Research programmes would be highly beneficial to securing long- and short-term capability development within vital fields to the European agenda on Jobs, Growth and Competitiveness.
- Regulatory Coherence and Standards: The development of strong EU-wide regulatory regimes, along with common technical standards have served to develop trade and

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promote consumer confidence. In the interest of limiting the creation of new barriers to trade, the UK and the EU must work to ensure that standards in both remain equivalent and are interpreted and enforced in the same manner. The UK and the EU should continue collaboration following the current process or agree on a standards development process that ensures continued equivalence. Furthermore, it is vital that the UK and the EU agree on ways to ensure the continuation of regulatory cooperation. Divergence will not only create unnecessary barriers between the UK and the EU but also hinder the important role both partners play in promoting the development of high-quality regulatory standards globally.

- Patents: Patents are one means by which we protect inventions, promote innovation, and support investments. TABC member companies encourage the UK and the EU to ensure that a single, uniform patent application and recognition process remains in place and we urge the UK to remain a participant in the EU Unified Patent Court and to ratify the appropriate agreement soon.

Over the past decades, businesses have invested heavily in the EU's Single Market, with the expectation that establishment in one EU Member State provides access to all the others. Brexit could mean the end of this assumption, leading to substantial uncertainty for companies and deterring investment and growth. This change also creates uncertainty for consumers who face potential disruption in the supply of goods and services. In the face of these uncertainties, and if there is a gap between the UK's formal EU departure and a future EU-UK trade agreement, it is imperative that concrete transitional arrangements are put in place. Such arrangements would help to ensure continuity for consumers and businesses through consistent and predictable policy and regulatory frameworks that encourage long-term investments. Additionally, a formal transitional period will allow businesses to minimize potential negative consequences from any resulting changes in the economic and trade arrangements between the UK and EU.

We look forward to maximum clarity as soon as possible and then, on an on-going basis, about how the relationship between the UK and the EU will develop. For TABC member companies, their employees and suppliers, customers and many other important stakeholders much is resting on the outcome and success of these negotiations. Opportunities for meaningful stakeholder engagement should be provided throughout the negotiations along with maximum transparency, with information made available and feedback incorporated to help shape the path of discussion. TABC stands ready to engage with the UK and EU authorities.

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