



Brussels, 13 December 2021

TABC position paper on the EU-U.S. Trade and Technology Council after inaugural Pittsburgh meeting

Introduction

The Trans-Atlantic Business Council (TABC) welcomes the progress achieved at the inaugural meeting of the EU-U.S. Trade and Technology Council (TTC) in Pittsburgh, held on 29 September 2021. The TABC offers its full support to the priorities agreed at the inaugural meeting and strongly welcomes the new impetus to transatlantic relations. TABC member companies support the objectives included in the Pittsburgh statement and the TABC seeks to remain a strong and reliable partner in the transatlantic dialogue.

The Trans-Atlantic Business Council (TABC) is a cross-sectorial business association representing companies headquartered in the EU and U.S. that serves as the main business interlocutor to both the U.S. government and the EU institutions on issues impacting the transatlantic economy.¹ The TABC's purpose is to promote transatlantic relations and economic integration, strengthen political and economic ties between EU and U.S. and provide a platform for companies established in the EU and U.S. to develop common positions regarding relevant political and economic issues. The TABC has already provided its initial recommendations on the establishment of the TTC in August 2021.²

The transatlantic partnership has faced numerous obstacles, such as the rise of nationalism, populism, protectionist measures, state interference, authoritarian technological control, and threats to liberal

¹ TABC (2021), History and Mission. Available at: <https://transatlanticbusiness.org/about-us/history-mission/>

² TABC (2021), *TABC initial recommendations for EU-U.S. Trade and Technology Council*. Available at: https://transatlanticbusiness.org/wp-content/uploads/2021/08/20210731_TABC-paper-initial-TTC-recommendations-and-priorities.pdf



democracies' values and principles. However, representing the largest trade relationship in the world, EU and U.S. play a key role in contributing to economic progress and prosperity around the world. As stated in the Transatlantic Economy 2021 annual survey: *'The transatlantic economy generates \$6.2 trillion in total commercial sales a year and employs up to 16 million workers in mutually "onshored" jobs on both sides of the Atlantic'*.³ The EU and the U.S. are not just each other's biggest trading partners, but also the most significant FDI destinations.

The transatlantic economy is integrating more than ever before, transforming into a multi-trillion value economy and creating millions of jobs. This is by far the world's wealthiest market, accounting for around a third of the world's GDP (PPP).⁴

TABC comments on TTC

As a platform for EU and U.S. companies to work jointly on issues that are of importance for both sides of the Atlantic, the TABC's goal is to be involved in the development of constructive recommendations and solutions with regards to the future TTC work. Importantly, TABC and TTC share the same principles of non-discrimination, security, transatlantic trade and investment growth, due process, digital inclusion, and critical technology cooperation.

The TTC is a once-in-a-generation opportunity to rebuild a shared vision of technological prosperity that works for the benefit of not just the transatlantic relationship, but beyond. The TABC believes that such a forum chaired by EU and U.S. leaders gives a strong signal of engagement and commitment to the revived transatlantic relationship.

We welcome the high-level commitment to the TTC made by EU and U.S. leadership, however, it is key that commitment is followed **by an ambitious agenda that reflects the principles of non-discrimination, security, and due process.** As previously underlined⁵, the TTC should not shy away from addressing areas

³ Daniel S. Hamilton and Joseph Quinlan, 2021, *The Transatlantic Economy 2021: Annual Survey of Jobs, Trade and Investment between the United States and Europe*, Foreign Policy Institute, Johns Hopkins University SAIS/Woodrow Wilson Center, Washington, DC

⁴ Ibid

⁵ TABC (2021), *TABC initial recommendations for EU-U.S. Trade and Technology Council*. Available at: https://transatlanticbusiness.org/wp-content/uploads/2021/08/20210731_TABC-paper-initial-TTC-recommendations-and-priorities.pdf (Accessed: 04 November 2021)



of disagreement or contentious issues between EU and U.S.

We are of the view that while the TTC should be based on and strongly uphold transatlantic values, **it should aim at having a broad outlook**, providing a forum for EU, U.S., and possibly other market and digital democracies to establish a values-oriented approach to trade and technology and to build common ground against emerging threats to transatlantic security and economic leadership in the trade and digital space.

TABC comments on TTC priorities

The TTC will consist of 10 working groups, which will focus on crucial issues ranging from investment screening to trade barriers. The TABC is hopeful that the work of these groups will contribute greatly to trade and technology collaboration and compatibility.

With that in mind, the following working groups appear to be particularly relevant for TABC members: technology standards cooperation; artificial intelligence, data governance, and technology platforms; export controls; reviewing and strengthening the most critical supply chains; global trade challenges; and promoting SME access to and use of digital technologies.

The TABC strongly supports the creation of the **working group on technology standards cooperation** which we believe has the potential to facilitate trade and cooperation between EU and U.S. Historically, standards have been a stumbling block in transatlantic trade cooperation, with the two sides often diverging in their approaches.

However, the geopolitical reality has accelerated the need for cooperation in critical and emerging technologies including AI, cybersecurity, IoT, and more. The TABC calls for such coordination and remains supportive of the establishment of **international standards** in various areas, such as technical standards of the International Organization for Standardization (ISO), International Electrotechnical Commission (IEC), and International Telecommunication Union (ITU). This would enable harmonizing technical requirements on both sides of the Atlantic. Where this is not possible, the industry needs a collaborative approach to the possibility of mutual recognition of conformity assessments.⁶

⁶ TABC, 2021, p.4



We support ensuring **equal transatlantic access to public procurement markets for emerging technologies**⁷, as well as international standardization in robotics, where European regulation might serve as a good basis⁸, and strongly encourage cooperation/alignment on safety-related standards for mobile robotics. We also support a strong focus on safety-related standards for mobile robotics (visual & audible communication - effectiveness of testing methods); guidance for risk assessment for user groups other than adults (children, elderly, disabled persons & domestic animals), and safety-related sensors (e.g., validation of environmental influences).

Artificial intelligence has the capacity to bring unimaginable economic growth and prosperity, and this remains untapped potential for our citizens, companies, and societies at large. From a business perspective, AI can greatly support innovation, productivity, and business growth. The TABC calls on EU and U.S. to support joint research in AI, and to facilitate research cooperation among academia, public institutions, and the private sector. In the long-term, regulatory and technological non-discrimination, mutual recognition, and compatibility will be key to ensure that EU and U.S. can build a successful AI ecosystem. From a regulatory perspective, proportionality will be paramount to ensure that innovation is not hampered.

At the same time, **we recognize that artificial intelligence can bear certain risks, as it yields instances for misuse that can threaten our values and democracies (e.g. surveillance, dual-use, etc.).** We thus support a human-centered, responsible attitude to creating trustworthy and innovative AI, by ensuring interoperability, developing common principles, and adopting a shared approach to managing AI-related risks. The OECD principles on AI⁹ are a good example of internationally agreed common principles which should be operationalized and applied in practice - the TTC can have a role to play in this respect.

The TABC used to host the annual Digital Economy Workshop (DEW) in the framework of the U.S.-EU government-to-government Information Society Dialogue (ISD) co-chaired by the U.S. State Department and the European Commission Directorate General for Communications Networks, Content & Technology (DG CONNECT).¹⁰ As such, we represented the transatlantic industry and played a prominent role when it

⁷ Ibid

⁸ Ibid

⁹ <https://www.oecd.org/going-digital/ai/principles>

¹⁰ TABC (2019), U.S.-EU Information Society Dialogue. Available at:

<https://transatlanticbusiness.org/policy/transatlantic-fora/u-s-eu-information-society-dialogue/>



comes to **data governance and technology platforms** dialogue.

In the framework of the TTC, **the data governance and technology platforms working group** should drive some of the most complex and important discussions on proposed regulatory and legislative measures, including the Digital Markets Act, Digital Services Act, U.S. federal privacy legislation, and actions to restore transatlantic data flows after the Schrems II decision. As we underlined in our first TTC position paper, regular dialogue and cooperation between the working group and the EU-U.S. Joint Technology Competition Policy Dialogue will be key to avoid diverging interpretations and conflicting approaches.

Past instances have shown that mutual cooperation in areas such as **online platform regulation, cloud infrastructure, and services** will provide the necessary balance between legal clarity on rules and responsibilities on the one hand, and ensure a level playing field with an appropriate degree of flexibility on the other.

The TTC can greatly help eliminate the uncertainty around EU-U.S. data transfers by promoting a new EU-U.S. data transfer agreement, improving data privacy and security, as well as cybersecurity resilience.

As regards the working group on **promoting SME access to and use of digital technologies**, the TTC should develop initiatives to enhance digital skills, access to and availability of digital tools, with a strong emphasis on exports. The objective of the group should be to increase the share of EU and U.S. SMEs in transatlantic and global trade.

Concretely, **the TTC should start by understanding trade and technology impediments for small businesses and identify gaps that hold back small businesses from trading more actively** e.g. through joint or parallel studies. The working group should assess the digital trade readiness of small businesses, in particular those outside of economic hubs and among women-owned, minority-owned, rural, and micro businesses e.g. through joint or parallel studies. This would form the basis to drive tangible goals through public-private partnerships to: i) address areas where digital tools and exporting technologies exist but usage or awareness is low; ii) assist small businesses in the adoption and usage of digital tools and exporting technologies by promoting a curriculum of “digital essentials”; and iii) set specific goals and metrics for training small businesses on digital tools and increasing the number of small business exporters, including an ambitious commitment to increase the number of small business exporters in the U.S. and EU (e.g. double the number within 5 years).



Lastly, **the working group should demonstrate inclusion through dialogue around common principles**, to ensure that small businesses have a clear voice in the process and work towards interoperable frameworks on digital trade and regulations to avoid discrimination; and ensure that EU and U.S. small businesses can use digital tools and exporting technologies in either jurisdiction to grow and prosper.

In the e-commerce sector, the integration of robotics, autonomous warehouse components, and improved warehouse management systems are opening new opportunities in supply chain management. However, even with increased automation, we witnessed **supply chain instabilities and shortages, particularly regarding semiconductors. The TABC strongly supports the partnership between EU and U.S. on the rebalancing of global supply chains in semiconductors, as well as increasing production capacity.** Common vulnerabilities and dependencies need to be identified, in order to create more microchip capacity on both sides of the Atlantic. With that in mind, we recommend cooperation with the newly established European Industrial Alliance on Processors and Semiconductors.¹¹

Taking the example of **semiconductor supply chains, the TTC should focus on resolving both short-term and mid-term supply chain issues more broadly.** We support the TTC's willingness to look beyond the gaps, vulnerabilities, and strategic dependencies, to long-term capacity building and strengthening domestic ecosystems with the right incentives.

The TABC thus welcomes the creation of the **working group for supply chain security** which will focus not only on strengthening and increasing the resilience of semiconductor supply chains, but likewise securing supply chain capabilities and resilience in other key areas such as clean energy, pharmaceuticals, and critical materials. Supply chains exist in a system characterized by trade barriers, by which they are greatly affected, especially export controls. Taking an aligned approach on targeted policies for export control could potentially stabilize supply chains in the long term. This can either happen by strengthening existing multilateral institutions or by creating targeted mechanisms which take into account the impact of export controls on the EU-U.S. industrial and innovation base.

More broadly on export controls, discussions should focus on new, emerging, and foundational technologies, with the aim to revive the existing multilateral export control regimes and ensure that efforts to address current challenges do not cause unintentional harm to the transatlantic industry.

¹¹ TABC, 2021, p.4-5



The TABC believes that the TTC should include **cooperation on public procurement access and other policies**, the lack of which can hinder market access and therefore have a negative impact on the TTC's objective of creating a strong, robust and resilient semiconductor ecosystem. Furthermore, in order to make those ecosystems thrive, **the TTC needs to focus on investment into research and development by bringing together public-private funding**, in order to gain a better position with our international partners where we can simultaneously expand and strengthen our supply chains, but also preserve our core principles and values.

We welcome the effort on both sides of the Atlantic to converge their standards and practices with regards to the critical and emerging technologies in order to protect our democracies and values. Certainly, this cannot be done without cooperation in **investment screening mechanisms** in order to ensure that, given the large amount of investments on both sides of Atlantic, we are protected from foreign investments that are unfair and/or could pose national security risks. Importantly, investment screening should not mean creating a "fortress" and investment crowding out. Risk analysis cooperation and information exchange is the best way to ensure that we protect ourselves while at the same time maintaining high investment and healthy economies.

As well as welcoming investment screening cooperation efforts, the TABC strongly supports the work of the **working group on global trade challenges** and the proposal on updating the WTO rulebook with more effective rules on industry subsidies, issues posed by the State Owned Enterprises (SOEs), forced technology transfers and discriminatory treatment of foreign companies and their products and services.

Moreover, **the working group should promote global trade principles to strengthen multilateral adherence to avoid de jure and de facto discriminatory or unilateral outcomes, and to ensure that trade policy supports market-based economies and the rule of law, in line with WTO commitments**. With that in mind, the TABC greatly welcomes the recent agreement between the EU and the U.S. on steel and aluminum tariffs, with high hopes for a permanent solution to scrapping these tariffs. Not only is it a good example of EU-US productive outcomes through dialogue, but it will hopefully allow shifting the officials' focus to a forward-looking, positive agenda.



TABC's involvement in future TTC work

In the past, the TABC had already been included as a partner in the work of Transatlantic Economic Council (TEC) and the Transatlantic Trade and Investment Partnership (TTIP) regulatory fora.

The TABC acknowledges the willingness of both sides to include stakeholders and interested parties in the future TTC work. **We welcome the European Commission's initiative on creating an online public consultation platform¹² on the EU-U.S. Trade and Technology Council as we look forward to being included in the dialogue.**

We remain committed to being a proactive, reliable partner in the development of the transatlantic relationship and will continue to engage in different lines of communication and dialogue with the TTC's working groups, relevant officials and other stakeholders.

¹² <https://futurium.ec.europa.eu/en/EU-US-TTC>