



BritishAmericanBusiness

**BritishAmerican Business:
Position Paper on the Transatlantic Economic Initiative
and the April 2007 EU-US Summit**

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Introduction

BritishAmerican Business is the leading transatlantic business organisation dedicated to helping its members build their international business. We stand at the heart of the business relationship between the US and the UK and continental Europe, with a membership of more than 700 companies and 4,500 executives in New York and London. BritishAmerican Business is part of the British- American Business Council (BABC) which has 25 chapters, and more than 3,000 member companies, including many of the world's largest multinationals, based in major business centres throughout North America and the UK. We are also part of a wider network of over 30 American Chambers of Commerce in Europe under the umbrella of the European Council of American Chambers of Commerce (ECACC).

From this unique perspective, BritishAmerican Business believes that the transatlantic relationship is key not only to the prosperity of the countries directly involved but is equally crucial to the growth and sustainability of the global economy. Accordingly, we submit the following issues for consideration in the agenda and work programme for the upcoming EU-US Summit.

Our paper is divided into three areas of concern: trade and investment, regulation and standards, and other forms of cooperation.

Trade and Investment

World Trade Organisation and the Doha Development Agenda

BritishAmerican Business has expressed concerns on previous occasions at the continuing lack of agreement on the WTO Doha Development Round and we are extremely concerned that WTO members could allow the Doha Development Agenda to fail because of disputes over agricultural policies.

We urge both the EU and US negotiators to work together to achieve results in opening markets and improving the regulatory environment for manufactured goods and services. To achieve this will require creativity and flexibility on agricultural policy change.

We remain strongly supportive of a multilateral trading system—our members would suffer increased costs with a shift to bilateral agreements.

We continue to encourage members of the WTO to continue to strive to create a level playing field for all in order that the benefits of globalisation can be maximised.

Transatlantic Economic Relationship

BritishAmerican Business urges the political leaders of the EU and US to make the establishment of a barrier free transatlantic market a priority. The latest figures show that the EU and the US economies continue to become increasingly connected and the relationship between the UK and the US is at the heart of this relationship.

We therefore support the new Transatlantic Economic Partnership advocated by the current (German) EU Presidency, and backed by the US President. In addition to delivering real benefits to the transatlantic economies, the reduction and removal of barriers to trade and investment and the development of harmonised standards in the context of continuing globalisation sets a precedent for the inevitable development of global standards of which the EU and US should be leaders.

In giving our support to this proposed relationship, we would highlight the importance of involving the legislatures. The US Congress, the EU Council of Ministers and the European Parliament should be included in agreements in addition to the executive branches as they are involved in many of the regulatory processes.

Committee on Foreign Investments in the United States (CFIUS)

BritishAmerican Business applauds the U.S. House of Representatives for passing H.R. 556, the National Security Foreign Investment Reform and Strengthened Transparency Act of 2007.

We believe that the Bill strikes a good balance between security, and sustaining an economy that is open to foreign investment. H.R. 556 adds transparency to the CFIUS review process while establishing a clear timeline for non-controversial acquisitions.

We hope therefore that the U.S. Senate will provide support for the model for reform adopted by the House.

Technology Transfer and the International Traffic Arms Regulation (ITAR)

In enforcing ITAR, the US Department of State has as its objective the advancement of national strategic goals; principally to ensure that key defence technologies do not fall into the wrong hands. ITAR controls and regulates the trade of defence articles and defence services as listed in the US Munitions List. BritishAmerican Business is concerned that regulatory restrictions imposed by ITAR harm US/UK business relations. In addition, technology transfer plays an important role in defence by fostering interoperability among allies. The United Kingdom is the most significant defence partner of the United States and, the US Administration in 2000 promised a waiver under ITAR for UK defence companies working with the United States. This waiver has yet to be granted.

Promoting Regulatory and Standards Cooperation

BritishAmerican Business believes that narrowly defined regulations are better for business than complex regulation that can act as an additional impediment to trade and investment.

Our members welcome the Roadmap for Regulatory Cooperation and the creation of the EU-US High Level Regulatory Cooperation Forum. In addition to increased cooperative effort, we would emphasise the importance of an ongoing dialogue with stakeholders to ensure the success of better regulation, which will help minimise the unintended consequences of laws. We also urge the EU and US to take a common approach to impact assessments and to take steps to improve transatlantic cooperation on regulatory issues in third countries such as China and India. As mentioned above, we would like to reiterate the importance of involving legislators in the High Level Regulatory Cooperation Forum. Stakeholders should also be given the opportunity to participate in the Forum's meetings.

Television Without Frontiers

BritishAmerican Business responded to a UK Department for Culture, Media and Sport consultation on the EU's proposals to extend the scope of the TV Without Frontiers (TVWF) Directive to include new media. While our members recognise the need to update the existing TVWF Directive so that this dynamic sector is able to operate in an environment of legal and economic certainty, there are concerns that the unintended consequence of regulating a sector that is little understood and rapidly evolving could be that innovation would be stifled. The regulatory burden (increased compliance and enforcement costs) imposed by regulation on small companies and new market entrants will increase barriers to entry for small firms, which are important to the competitiveness of this sector.

At the same time, we are concerned that larger firms might choose to relocate outside of the EU to avoid having to comply with the Directive. In consequence the close economic relationship between the US and the UK could be damaged, as US companies could choose to invest in countries with less stringent regulation. The Directive could therefore have a detrimental impact both on EU-US relations in general and UK-US relations in particular.

Other forms of Cooperation

Capital Markets

BritishAmerican Business supports the idea of creating a single transatlantic capital market. Broad and clear principles are necessary for an integrated transatlantic capital market and these should include: the adoption of regulatory equivalence; mutual recognition for financial market regulation; the adoption of global standards; limitation of the extraterritorial effects of financial market regulation; and intensification of the regulatory dialogue in policy making, ensuring stakeholders are included at all levels.

Intellectual Property Rights and the Encouragement of Innovation

BritishAmerican Business fully supports the EU-US Action Strategy for the Enforcement of Intellectual Property Rights that was endorsed at the EU-US Summit in Vienna, Austria on 21 June 2006. IP protection is critical both to consumer safety and an innovative and growing economy. We look forward to seeing the balance sheet due to be produced after the Action Strategy's first year of operation, at the EU-US Economic Summit in June 2007.

The 2005 EU-US Transatlantic Economic Initiative states: "The EU and the US will increasingly rely on innovation and advanced technologies to stimulate economic growth and prosperity. Our aim is to increase synergies across the Atlantic as we become more knowledge-based economies."

BritishAmerican Business strongly believes that protection of Intellectual Property is vital to encourage innovation and the EU and US must ensure IP protection for inventions ranging from computer-implemented inventions to biotechnology and nanotechnology inventions. All 27 EU Member States must ensure the same level of IP protection. The EU and US should also adopt a joint approach to ensuring the protection of Intellectual Property Rights in third countries.

An innovative environment requires straightforward access to capital. We therefore encourage the establishment of joint public-private partnerships, the availability of private venture capital funding and the transfer of skills and technology between industry and academic and research centres. Incentives should also be established for private sector investment in research and development.

Promoting Energy Efficiency

BritishAmerican Business agrees that energy efficiency has an important role to play in reducing dependency on fossil fuels thereby enhancing security of supply while at the same time encouraging the use of more environmentally friendly technologies. We therefore fully support the European Commission's current efforts to prioritise energy efficiency. Our members particularly welcome the emphasis in the EU Energy Efficiency Action Plan on technological progress, including the creation of the right environment for research through sufficient investment and collaboration at EU and global levels.

A focus on research and development is imperative in the area of energy efficiency. Technological progress requires an environment that encourages ongoing research while providing adequate investment. The Energy Star programme is a good example of collaboration between the EU and US.

Enhancing Trade, Travel and Security

With the recent agreement on "open-skies," which is due to be signed at the 30 April 2007 EU-US Summit, it is imperative that the EU and US adopt measures that will lead to the unimpeded movement of business and low risk travellers. Annual traffic between the EU and the US is expected to increase by about 26 million passengers to approximately 73 million over five years.

BritishAmerican Business strongly recommends reviewing existing visa policies (e.g. by expanding the pool of H1Bs), in a way that takes into account the importance of transatlantic travel for business and the importance of travel for the exchange of skills and ideas.