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## **PRINCIPLES FOR A NEW CHAPTER IN THE UK-US ECONOMIC RELATIONSHIP**

The history and economic value of trade and investment between the United Kingdom (UK) and the United States of America (USA) is one of the world's greatest economic success stories. The UK and the US are each other's most important source of investment. Goods and services worth billions are traded across the Atlantic every month. Transatlantic companies generate growth, foster innovation, and most importantly, create jobs for many British and American workers and their families.

BritishAmerican Business (BAB) represents this unique relationship. We are an exclusive members' organization and as a policy and advocacy organization, we are the voice of transatlantic business; we support policies and action that will protect and enhance the environment for trade and investment between the US and UK through research, published reports and discussion with legislators, policy makers and the executive branch of both governments

Our membership includes leading British companies and many of the largest US investors in the UK, who contribute significantly to jobs, growth and innovation. We are at the heart of a vibrant business community across the UK and the US who help drive and sustain this special economic relationship.

Our members and stakeholders are ambitious when it comes to their activities in the transatlantic corridor. We see this relationship as a source of opportunity, strength and stability in all times. We believe that trade and investment between the UK and the US will help our economies grow, to the benefit of our businesses, workers and citizens.

The relationship is already strong; but we know there is much untapped potential in the way we trade and invest across the Atlantic. Over many years, BAB has been a strong advocate for closer economic integration and collaboration. We were in support of the negotiations for a Transatlantic Trade and Investment Partnership (TTIP) agreement; we have set out early on after the EU referendum areas where we see areas of future UK-US economic collaboration; and we have welcomed initiatives, such as the UK-US Science and Technology Agreement, as tangible examples in these areas of how this bilateral economic relationship can be advanced in a fruitful way.

It is in that context that we welcomed the opening of an official consultation on a Free Trade Agreement (FTA) negotiation with the United States. We echo the UK Government's view that no other non-EU country offers more prospect for growth and opportunity than the economic relationship with the US. We believe that deeper economic collaboration can only build on our existing successful trade and investment relationship. As a leading business organization, committed to trade and investment, we believe strongly in the benefits of trade and that tariffs and non-tariff barriers should be reduced or eliminated wherever possible.



This paper serves as a precursor to our submission on the consultation on trade negotiations with the United States on behalf of our wider membership and network. It lays out the key principles for our engagement around the consultation and the work of the UK-US Transatlantic Trade and Investment Working Group.

1. A strong trading relationship between the UK and the EU is a crucial condition for the success of the future UK-US economic relationship

We are fully supportive of the UK's ambition to strengthen the economic relationship between the UK and the US; and we are encouraged by the momentum of the work of the UK-US Trade and Investment Working Group. Yet, the consultation relating to a bilateral Free Trade Agreement between the UK and the US happens in the context of the UK preparing to leave the EU. The scope of a future UK-US FTA depends very much on the outcome of the UK exit negotiations. A future UK-US economic partnership needs to be built alongside a strong economic relationship between the UK and the EU, allowing for the best possible outcome in both directions.

2. Trade and investment as part of an inclusive and transparent growth strategy for the UK

There is no doubt that trade and investment benefit our economies; trade and investment help our businesses secure new markets, it can lower prices and enhance the quality of consumer products, and it helps our economies to stay innovative and competitive. Yet, it has become clear that, despite the positive impact of trade for producers and consumers, importers and exporters, the benefits of trade and investment are not universally understood and accepted. We therefore welcome the UK Government's commitment to a trade strategy that is inclusive and transparent. We believe in the broad social beneficial merits of trade and investment and with that in mind, we support the Government in its ambition to see trade as part of a new Industrial Strategy that will deliver an innovative, competitive and growing UK that benefits businesses, individuals and communities equally.

3. Setting a new standard for economic cooperation and regulatory alignment

This economic relationship between the UK and the US is built on shared principles and a common understanding of the importance of industry and professional rules and regulatory standards and procedures. With a basis as strong as the one between the UK and the US, we see potential for a new level of economic collaboration, particularly in areas such as IP and services that we encourage Governments to explore. In the digital space, for example, where the UK and US are both global leaders, we support an agreement that ensures cross border data flows continue, avoids data localization, and ensures competition in telecommunications services (including in business to business services) while promoting investment in access networks. An agreement between the UK and the US will deepen the close relationship between both countries; but it should also set an advanced template in these areas for others to follow that reflects the needs and opportunities of the twenty first century economy.



4. Perfection should not be the enemy of good

Trade negotiations are complex. Past trade negotiations between the EU and the US have shown the challenges that arise when it comes to finding common ground in areas such as, market access, regulatory cooperation and investment protection. There are inevitably going to be areas that are politically difficult (agrifood, public procurement, healthcare etc.) but these problems should not be allowed to derail other areas where agreement can and should be reached in a timely manner. With the evidence gathered through this consultation and other channels, and in the context of the outcome of the UK-EU negotiations yet to be agreed, we encourage the exploration of a negotiation that allows for separate agreements/arrangements to be made in areas where there is common ground and opportunity.

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