



BritishAmericanBusiness

POLICY AGENDA

Recommendations for a Strong and
Sustainable US-UK Economic Corridor

22
23

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FOREWORD

In our role as Co-Chairs of the BAB Policy Steering Committee, we are pleased to present BAB's 2022/23 Policy Agenda.

Since its first edition in 2015, BAB's Policy Agenda has become a true reference point for our members and policymakers alike. The publication identifies key issues for leading transatlantic businesses. It states where our community can help shape policy outcomes and defines the policy priorities of the transatlantic business community for the year to come.

Nothing better reflects the relevance of this important work than looking at the past 12 months and the themes that the 2021/22 Policy Agenda set for our members.

Our call for the start of formal talks on transatlantic data flows, our thinking behind what became the US-UK Dialogue on the Future of Atlantic Trade, and our efforts to revive the US-UK SME Dialogue have each helped to inform policy decisions over the past year. BAB worked tirelessly to fully re-open the transatlantic travel corridor, issued recommendations on strengthening economic relations between the UK and the EU, and called for governments and businesses to ensure we have the skills and people our economies need. In hindsight, we can say each of these priorities have been impactful and on point.



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On November 8, 2021, the US finally lifted its travel restrictions for fully vaccinated foreign travelers, replicating the UK's opening earlier that year, and bringing an 18-month long BAB campaign to an end. In December 2021, US Commerce Secretary Gina Raimondo and Nadine Dorries MP, former UK Secretary of State for Digital, Culture, Media and Sport, issued a joint statement on their governments' shared commitment to deepening the UK-US data partnership and post-Privacy Shield data adequacy. In March 2022, the US and the UK announced their intention to hold trade dialogues to advance transatlantic collaboration, ranging from practical support for SMEs, digitizing US-UK trade in the modern economy, building resilience in critical supply chains, and promoting inclusive economic growth and the transition to net zero. In June 2022, we witnessed the revival of the US-UK SME Dialogue in Boston. And since July 2022, several initiatives have been announced in the UK and the US to help train workers in crucial industries, proving BAB's early focus on skills and education in 2021 was correct.

As the UK and the US are both grappling with new political and economic challenges, this year's Policy Agenda seeks to provide guidance and encouragement to policymakers to craft policy solutions that look at what is best for our economies and businesses.

As representatives of transatlantic business, we look forward to doing our part in helping achieve the recommendations outlined in this paper. In order to support this process, the BAB Policy Steering Committee has asked BAB to establish a defined set of policy sub-committees that will allow us to dive even deeper into specific policy issues and provide focused business feedback for policymakers.

We are grateful to the BAB team for the work they do to support the objectives set out, to policymakers and officials in both the US and the UK governments for their collaboration, and to our fellow BAB members for their active engagement and contribution towards strengthening economic, trade and investment ties between both countries.

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INTRODUCTION

The world doesn't stand still. As soon as we emerge from the global COVID-19 pandemic with all its challenges, we get hit by a series of geopolitical events that have led to rampant inflation and energy price spikes that were largely unpredicted. Western governments are once again asked to craft policy solutions that respond to these challenges in a way that preserves prosperity, supports households and businesses, and leads to economic growth. As we are seeing everywhere, this is not easy.

In the UK, the new government, under the leadership of Prime Minister Liz Truss, set out a political agenda focused on helping households and businesses with their soaring energy bills and rebooting a stalled economy; our initial reaction was positive towards the business friendly, pro-growth parts of the first 'fiscal event' but we will need to see the rest of the proposed reforms before we can really judge the likely long-term effects of these changes.

The US is better prepared to manage the energy crisis given its self-sufficiency, yet its economic recovery still features stressed supply chains, labor shortages and sharply rising inflation. With the (somewhat strangely named) Inflation Reduction Act, which was signed into law on August 16, 2022, the Biden Administration secured a big political win, but any progress in the second part of this presidency will largely depend on the outcome of the mid-term elections.

BAB has no political party affiliations and will judge policy proposals on their merits. As a pro-business, pro-trade platform, we look at policies through the lens of what is best for our members, the US-UK corridor and the communities we serve.

This year's policy agenda reflects just that. We understand that the timing may not be right for a comprehensive US-UK Free Trade Agreement (FTA) just yet, but this does not mean the **US-UK trade** conversation should be abandoned altogether; quite the contrary. Work done over the past twelve months by governments and transatlantic businesses shows that there is an appetite for an FTA, for which we will continue to make the argument.

Two issues that we will continue to focus on from last year's agenda are **data flows** and **talent, mobility and skills**. The US and the EU agreed to a new transatlantic data agreement 'in principle' and a similar agreement for the US and the UK must follow suit, as an anchor to new initiatives, such as the UK's National Data Strategy or efforts to reach a multilateral agreement on data. We now need to see the detail of these agreements and put an end to the uncertainty. The US, EU, and UK cannot lead the commercial world if they cannot find a legally watertight solution to data transfers.

With the transatlantic travel corridor open – although the US has yet to lift the final restrictions – demand for transatlantic business travel has picked back up much quicker than expected. The

unresolved issue of insufficient capacity in the Home Office and US Consular sections to process business visas has also resurfaced as an issue. We welcome indications from government that this is being addressed.

We believe that growing and training the workforce our economies need must continue to be a priority for business and government in the coming year. In addition to the high-quality university education that is available in both countries, there is a need for further investment in work-related skills. The 2022 announcements by the UK government to invest £1.5 million to support recruitment into the aviation industry by the Engineering Construction Industry Training Board (ECITB) to pledge more than £87 million to support workforce training in the sector are just two examples of industry specific and vocational training that is needed.

As it competes with its neighbors for investment, the UK's plan to increase the rate of corporate income tax felt self-defeating and BAB was pleased that this proposed increase was reversed by the UK Treasury in the recent fiscal statement. The UK must remember that tax is one of the many factors that will decide where investments are made by international firms and staying near the top of the table for **tax competitiveness** is prudent. We would also prefer not to see the proposed increase in federal corporate income tax in the US. Ultimately the more that is paid in tax by corporations the less there is to invest in their employees, capital projects and their future.

Promoting and securing **intellectual property (IP) rights** equally contributes to our economies' success and attractiveness for business. IP drove the development of innovative vaccines, therapeutics, and technologies that kept us safe, connected, and productive throughout the pandemic. The US and the UK continue to have the highest scores on IP protection, among 50 economies globally, but this must not be allowed to slip. Maintaining clear support for the highest levels of IP protection globally must be an imperative for both the US and the UK together.

A leading business magazine recently called the UK's **life sciences** industry Britain's 'jewel'. The longstanding and significant presence of American life sciences players in the UK market reflects just that. The UK 'Life Sciences Vision', introduced in 2021, is meant to secure the UK's roles as a leading life sciences nation. But beyond the 'vision', it will be a strategic approach and tangible policy actions that will define its success.

The same will be true for another leading UK industry: **financial services**. The US and the UK have the opportunity and responsibility to shape trade in financial services to the benefit of global markets. We would like to see efficiency and competitiveness, alongside risk, as the drivers of policy reform in this sector. The UK Financial Services and Markets Bill, introduced in July 2022, is a promising start.

The US's recommitment to the Paris Agreement and COP26 in Glasgow renewed transatlantic momentum to deliver 'net zero' objectives. Yet, there are inevitably tensions between the decarbonisation agenda and the financial squeeze on consumers and businesses. In many cases, businesses have started to lead the way; but smart policy will be needed to create incentives where the market falls short

or where technical barriers of regulation prevent businesses from participating in net zero efforts. Sustainability provisions in the 2021 Infrastructure Bill and the 2022 US Inflation Reduction Act may provide a useful reference for what the UK can do in the future.

This document outlines transatlantic businesses' positions on these eight issues. The selection of issues and the recommendations reflect the consensus reached at the bi-annual meeting of the BAB Policy Steering Committee. The Policy Agenda will guide our thinking and work in the months to come.



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TRADE: TAKING THE NEXT STEP

CONTEXT

The importance, and fragility, of the global trading order has been made clear over the past year. The war in Ukraine and subsequent sanctions, along with the lingering effects of the pandemic, supply chain disruptions, rising inflation, and changing environmental conditions have all led to greater volatility in global trade.

Given these challenges, trade discussions have taken on a new security angle. One could argue that recent geopolitical events, such as Russia's invasion of Ukraine, provide a convincing narrative for closer trade cooperation, such as through a comprehensive Free Trade Agreement (FTA). But domestic political dynamics in the US and UK, including the ongoing dispute between the EU and the UK regarding the Northern Ireland Protocol, have put the political focus elsewhere for now.

Nevertheless, the last twelve months have shown that significant progress can be made to improve trade cooperation between the two countries. The US and UK reached a joint resolution to the steel and aluminum tariff dispute at the beginning of 2022, re-opened the transatlantic travel corridor, and have launched new trade initiatives including negotiations for a bilateral data transfer mechanism, the US-UK Dialogues on the Future of Atlantic Trade, and a revived US-UK SME Dialogue. The UK government has also pursued Memorandums of Understanding (MOUs) with individual states across the US, building a broader coalition of support for US-UK trade.

This progress is a welcome encouragement for what could be possible in the months to come. Transatlantic businesses continue to advocate for a comprehensive US-UK FTA, while also acknowledging there is opportunity for work to be done outside the scope of formal agreements or negotiations. Trade and investment between the US and UK is remarkably strong, but a trade agreement, increasing market access and removing unnecessary financial and non-financial barriers, would make this relationship between the closest of security allies even stronger.

BAB RECOMMENDATIONS FOR POLICYMAKERS

The US-UK Dialogues on the Future of Atlantic Trade were a welcome initiative in the absence of formal FTA negotiations. As both governments said in the joint US-UK statement following the dialogues, it is now important that the productive discussions between government, business, and labor are now translated into "economically meaningful outcomes."

In a policy paper released in June 2022, BAB published a series of recommendations to help inform US-UK cooperation in each of the focus areas identified by the US and UK government, including support for small businesses, digital trade, green trade, and increasing the resiliency of critical supply chains.¹ These recommendations ought to shape the “roadmap” that governments have tasked themselves to deliver over the coming months.

1. We propose that the US and the UK use the upcoming sixth US-UK SME Dialogue to **outline a strategic US-UK SME agenda** that can define the work over the coming months and deliver tangible outcomes for small businesses. In September 2022, BAB released a policy paper detailing what such an actionable SME agenda could look like.²
2. We propose using the recently established **US-UK Comprehensive Dialogue on Technology and Data** to identify new opportunities for bilateral collaboration in digital trade, emerging technologies, and digital infrastructure, in close consultation with businesses.
3. We propose continuing to explore the **possibility of a stand-alone US-UK trade facilitation agreement** to simplify and digitalize customs processes.
4. We propose the **definition of joint US-UK principles on green trade**, and a commitment to increase information sharing and regulatory dialogue related to issues such as sustainable finance, green procurement, ESG disclosures, or trade in environmental goods and services.
5. We encourage the UK and the US to use trade discussions to also pursue wider policy ambitions, such as **sustainability goals or skills and education objectives**.
6. We propose the **definition of joint priorities and ambitions to establish US-UK leadership on protecting bi-lateral and global supply chains** to the benefit of both countries' businesses and economies.

We also strongly support the UK and the EU working at pace toward a compromise on the Northern Ireland Protocol that will help stabilize relations between the UK and the EU and free up resources and momentum for trade discussions between the UK and the US.

WHAT BAB DOES

BAB continues to be the preeminent business stakeholder to the UK and the US government when it comes to shaping the discussion on transatlantic trade.

Over the past year, BAB has helped create momentum behind the establishment of the US-UK Trade Dialogues, continued its role as a leading stakeholder in the US-UK discussion on SMEs, and published roadmaps on how to advance progress on issues such as support for small businesses, digital trade, green trade, and increasing the resiliency of critical supply chains.

In addition, BAB is growing a visible and strong trade promotion portfolio, creating a bridge between businesses and the trade and investment promotion support mechanisms provided by government.

TAX: TAXING THE ECONOMY COMPETITIVELY

CONTEXT

The proposed, and later reversed increase in the corporation tax rate in the UK, as well as the market response to the UK's growth plan announced in September 2022, has brought the issue of tax competitiveness back on the transatlantic business agenda. A balanced, business-friendly tax environment is key for a successful economy and a driver for foreign investment. Responsible, pro-growth policies encourage businesses to innovate, invest, and expand in the US and UK economy.

The US, through the passage of the Tax Cuts and Jobs Act in 2017 reformed its corporate taxation, removing an imbalance in corporate tax rates between the US and other markets and lessening the cumulative tax burden imposed on businesses, while at the same time encouraging companies to repatriate earnings. The plan to increase corporate income taxes to 28% will impact US businesses' ability to invest in their employees and innovation and will lead to more tax planning and arbitrage.

In the UK, tax has risen to the top of the political agenda following the Conservative Party leadership contest over the summer, and as businesses and workers grapple with rising costs. The government has announced that planned increases in national insurance and corporation tax will be reversed, but it is important that the government continue to evaluate the cumulative tax and regulatory burden facing businesses in the UK to effectively ease rising costs as part of a long-term tax competitiveness strategy.

BAB RECOMMENDATIONS FOR POLICYMAKERS

1. We encourage the UK government to set out a **clear, long-term, pro-growth tax policy agenda** that provides consistency and security for businesses and the economy, including measures to address inflation.
2. We encourage the US administration to maintain the federal corporate income tax rate at a globally competitive rate.
3. We encourage both the US and the UK to continue their strong efforts to work with the OECD and international community to continue to work to **resolve and effectively implement Pillars One and Two of the OECD global tax framework**.
4. We encourage both the US and the UK to **assess the overall cost of doing business in their markets**, looking at the cumulative burden of energy prices, surcharges and levies to ensure the competitiveness of their economies and clearly articulate the value proposition for investing in the US and the UK.

WHAT BAB DOES

BAB advocates for competitive tax policies that encourage investment and economic growth. The importance of this issue is reflected in our bi-annual BAB tax briefings and a close monitoring of the development of domestic and multilateral tax initiatives.

The issue of tax competitiveness was a policy priority for the transatlantic business community in BAB's 2018-2019 and 2019-2020 Policy Agendas. BAB recently submitted a response to the HM Treasury consultation on the implementation of OECD Pillar II in the UK, calling for greater consistency, alignment and preparation time to ensure successful implementation. BAB has also been a vocal proponent of finding multilateral approach for the taxation of digital services.³

IP: KEEPING THE STANDARD HIGH

CONTEXT

The US and UK have world-leading intellectual property (IP) systems, ranked first and second globally according to the US Chamber of Commerce IP Index.⁴ The strength of this system has become particularly visible over the last two years, as US and UK-led innovation in science and technology have prepared both countries to effectively respond to the COVID-19 pandemic.

Yet, pressure from other economic powers and difficulty in enforcing high levels of IP protection globally have made it more important than ever for the US and UK to present a united, global front in favor of strong IP systems. In that context, the WTO Trade-Related Aspects of Intellectual Property (TRIPS) waiver—a measure that would temporarily waive patents and other IP protections associated with vaccines and treatments—must not send the wrong signal.

Both the UK and the US have made welcome efforts to strengthen IP protection domestically, and globally. The UK has made a dynamic and flexible IP regime an integral part of its Digital Strategy, included IP provisions in its recent trade agreements, and announced greater IP cooperation with its allies. In the US, IP enforcement and protection has taken on a renewed importance in efforts to counter non-market practices.

An efficient and effective IP regime will be particularly crucial in 2022 and 2023 as the US and the UK look to boost innovation and growth and deliver for their respective economies. The US and UK government should continue to work closely with the private sector to identify effective, evidence-based regulatory frameworks for IP and advocate for strong IP protection at a global level.

BAB RECOMMENDATIONS FOR POLICYMAKERS

1. We encourage both the US and the UK to **make IP protection a political priority across departments**, and to work closely with stakeholders on specific aspects of the IP ecosystem.
2. We propose the US and the UK **explore the establishment of a bi-annual US-UK IP Dialogue** that can help streamline stakeholder feedback and government work.
3. We encourage both the US and the UK to **align efforts to integrate strong IP provisions in trade agreements** that can help strengthen and set the global standard. Future trade negotiations in this area should include clear opportunities for consultation with relevant stakeholders to ensure agreed IP provisions deliver for businesses.
4. We urge the US and UK to **oppose proposed expansions to the WTO TRIPS waiver** and pursue international engagement, capacity building and information sharing with regional

partners to strengthen global IP standards.

5. We encourage the UK and the US to work with their allies to ensure correct and efficient IP enforcement in problematic jurisdictions around the world which will lead to fair competition and level the playing field between the UK, US and other jurisdictions.

WHAT BAB DOES

BAB represents leading IP-dependent industries. IP was featured as a policy priority in both BAB's 2015-2016 and 2018-2019 Policy Agendas. BAB has continued to champion a high standard of intellectual property protection and encourage governments to adopt forward-looking regulations to drive growth and innovation across the US and UK economies.

Over the past year, BAB has provided a transatlantic perspective in IP discussions, including through a written submission to the UK Intellectual Property Office on Standard Essential Patents and Innovation emphasizing the importance of a strong IP regime to transatlantic business and investment. BAB has also hosted the USPTO IP Attaché for European Union and United Kingdom for a roundtable business discussion on transatlantic cooperation on IP in areas such as setting joint standards, investing in R&D, and joint action to combat IP infringement.

DATA FLOWS: TIME FOR AN AGREEMENT

CONTEXT

The free flow of data across the transatlantic corridor is vital to most companies' day-to-day operations, yet businesses have faced a degree of uncertainty and legal complexity when transferring data between jurisdictions since the invalidation of the US-EU Safe Harbor data agreement in 2015 and the invalidation of the subsequent US-EU Privacy Shield agreement in 2020. Adding further complexity, the UK's position outside the EU means it is no longer privy to any post-Privacy Shield agreement between the US and the EU and must seek a separate data adequacy partnership with the US.

There have been promising developments since the publication of BAB's 2021-2022 Policy Agenda last year. The EU and US announced an agreement in principle on a new Trans-Atlantic Data Privacy Framework in March 2022. The UK and US have also held formal discussions on a bilateral data transfer agreement over the course of 2021 and 2022. Further progress on the talks was announced on October 7, 2022, with the launch of a US-UK Comprehensive Dialogue on Technology and Data, and was well received by the business community.⁵

In addition, the UK announced a new National Data Strategy in 2021, intended to improve domestic data governance and champion the international flow of data. In line with these aims, the UK government has introduced the Data Protection and Digital Information Bill to create a post-Brexit data protection framework for the UK and published a new cross-government Digital Strategy intended to increase digital innovation and establish a pro-growth digital regulatory regime.

Steps to improve domestic data governance have been accompanied by efforts to maintain the frictionless transfer of data globally, including through the UK's use of new digital trade agreements, as well as the establishment of the International Data Transfers Expert Council. The US has also integrated data and digital policy in its approach to trade. The US-Mexico-Canada Agreement (USMCA) included a dedicated digital trade chapter, ensuring the free flow of data between jurisdictions.

Transatlantic businesses welcome efforts to create a growth-friendly data governance regime domestically and globally, through new data transfer mechanisms and digital trade agreements. There is opportunity now for greater transatlantic cooperation, alongside the private sector, to respond to shared global challenges, preserve the frictionless flow of data, and encourage innovation.

BAB RECOMMENDATIONS FOR POLICYMAKERS

1. Most importantly, the **US and the UK should seek to conclude ongoing bilateral data discussions and establish a new data transfer agreement** that encourages innovation and growth, while setting a high standard for data protection.
2. Bi-lateral work on data flows should also be part of the proposed **Digital Economy Partnership Agreement** and/or the establishment of a **Digital/ Tech Cooperation platform** [see Trade Chapter in the Policy Agenda]. The UK-Singapore Digital Economy Agreement and digital trade provisions in USMCA provide a useful starting point.
3. We **encourage the UK to ensure that any new proposed regulatory approach to data does not jeopardize the UK-EU data adequacy decision** or unnecessarily increase regulatory fragmentation.
4. In addition to bilateral efforts, both the **UK and the US should take a lead on the conversation about global data governance frameworks**. This includes US-UK support for the World Trade Organization (WTO) e-commerce negotiations, to promote digital trade and prevent unnecessary regulatory divergence or fragmentation.
5. We welcome the announcement of a US-UK Comprehensive Dialogue on Technology and Data and encourage both governments to use the platform to deliver tangible outcomes and strengthen the US and UK's role in shaping global digital norms and regulation.

WHAT BAB DOES

Cross-border data transfers have been an important focus of BAB's policy work for nearly a decade, including as a policy priority in BAB's 2015-2016, 2018-2019, and 2020-2021 Policy Agendas.

Over the past 12 months, BAB has worked closely with relevant departments across the US and UK government to advocate for a transatlantic data transfer framework that offers a replacement for the Privacy Shield and legal certainty for data transfers between the US and UK. BAB's advocacy work has also included a wider campaign on data, which has included regular engagements with stakeholders across the US Commerce Department and the UK Department for Culture, Media and Sports (DCMS), as well as the publication of a briefing paper on data flows that work for transatlantic business.⁶

SUSTAINABILITY: MAKING POLICY PRO-BUSINESS & PRO-GROWTH

CONTEXT

With few exceptions, the business world has embraced the need to decarbonize their industries and sustainability is an agenda item for every Board. The signing of the Paris Climate Agreement and the development of new commitments at COP26, mean that sustainability will be a fixed part of the US and UK political agenda for the foreseeable future.

With growing economic challenges, increasing energy price volatility, and complex geopolitical challenges around the world, the environmental commitments made by governments are under pressure. Many businesses, meanwhile, have implemented tangible sustainability actions plans that will allow them to meet their own net-zero commitments, whether it be in aviation, transport, or fast-moving consumer goods (FMCG).

As industry looks to drive global progress in responding to the challenges brought about by climate change it is committing huge amounts of capital on the assumption that government is just as committed. It is essential that business and government work together on this challenge so that law and regulation are fit for purpose and are realistically paced to enable the change that is imagined.

BAB RECOMMENDATIONS FOR POLICYMAKERS

1. We **fully support the current UK net zero review** being conducted by Chris Skidmore MP into finding the most efficient and fastest way to reach the climate target. We encourage the review to examine the use of financial incentive schemes to support companies in their efforts to meet net zero commitments.
2. To counter misinformation and politicization of climate change actions, we encourage the US and the UK to **work together to shape and deliver a net-zero narrative that puts the focus on economic opportunities and prosperity**, across all communities.
3. We also encourage the US and the UK to continue to integrate sustainability goals into trade policy. As was proposed following the US-UK Trade Dialogues in Baltimore and Aberdeen, we **encourage the US and the UK to define joint principles for green and sustainable trade** [see Trade Chapter in the Policy Agenda] and engage in joint dialogue on topics ranging from sustainable finance, trade in goods, fostering green technologies, the energy transition, and commitments to protect the environment.⁷
4. We **encourage the US and the UK to continue the US-UK Strategic Energy Dialogue** to

increase energy security and accelerate the diversification of energy sources, including renewable energies.

5. We **welcome the UK's call for international action to decarbonize global aviation** and encourage the US and the UK to **work closely with the industry** to reach those objectives. This will require both governments to implement pricing incentives and increase capital funding commitments to support the uptake of sustainable aviation fuels (SAF).
6. We encourage increased **US-UK alignment and information-sharing on emerging environmental policies**, such as those in the UK introducing due diligence requirements for commodities from forest risk areas.

WHAT BAB DOES

The transatlantic businesses represented by BAB have been vocal advocates for strong environmental commitments and net-zero goals, offering ready support for multilateral efforts such as the Paris Climate Agreement and COP meetings. To reflect the current business perspective, BAB initiated the Corporate Citizenship and Sustainability Series (CCSS), an annual program of dedicated briefings and events, covering issues such as ESG reporting, sustainable finance, and climate risk for businesses.

In addition, BAB has been a vocal proponent for the inclusion of global climate objectives in trade policy discussions, ranging from US-UK regulatory alignment on trade in environmental goods and services to identifying specific areas for growth in green trade.

LABOR MOBILITY & SKILLS: TRAINING AND MOVING THE PEOPLE OUR ECONOMIES NEED

CONTEXT

The need for frictionless labor mobility and travel was clearly highlighted by the COVID-19-related closure of the transatlantic travel corridor in 2020 and 2021.

While most travel restrictions between the US and UK have been removed, some requirements remain in place, including an attestation form and vaccination requirement for people travelling from the UK to the US. Decreased capacity in US Embassies and the UK Home Office during the pandemic has also resulted in a backlog in visa processing, which has continued to make labor mobility across the Atlantic and elsewhere more challenging.

Transatlantic businesses welcome government efforts to increase available resources and processing capacity to meet demand, yet the wider question is how labor mobility between the US and the UK can continue to be improved.⁷

The pandemic also posed additional challenges for the domestic workforce in the US and UK by exacerbating an existing skills and labor shortage. As outlined in BAB's 2022 White Paper on the issue, difficulty hiring and retaining workers has been reported across different sectors from technology, logistics, to hospitality—often due to skills gaps in local labor markets.⁹

To address these challenges, policymakers in the US and UK have made workforce development a central focus of their domestic policy agendas. For example, the UK's Levelling Up White Paper pledges to significantly increase the number of people successfully completing high-quality skills training in the UK by 2030. In the US, skills and education have been part of the Biden Administration's legislative agenda; the Inflation Reduction Act included funding and tax credits for select workforce programs.

The US and UK should help businesses find the talent they need by keeping the transatlantic business and travel exchange strong, while also pursuing policies that strengthen the workforce at home.

BAB RECOMMENDATIONS FOR POLICYMAKERS

1. We call on the US to lift the **last remaining COVID-related travel restrictions** and for governments, public health bodies, and the travel industry to use the evidence from the last two years to establish a clear set of processes in the event of a future pandemic.
2. We encourage the US and UK to **explore expanding mobility provisions** in existing and future bilateral agreements like the UK-US Science and Technology Agreement.¹⁰
3. We encourage the US and UK to **follow through with efforts to increase staff capacity and shorten visa processing times** at local American embassies and at the Home Office. Increasing visa appointment availability will also help reduce the time between application and decision, particularly for US visa applications.
4. We encourage the UK to **explore creating a renewable investor and business visa for professionals** without a lengthy application process or restrictive quotas.
5. We call on both the US and UK to **further expand financial or tax incentives** to support skills training and develop comprehensive education schemes in partnership with the private sector. Current successful examples of this include the US Talent Pipeline Challenge or the UK's funding to support recruitment into the aviation industry.

WHAT BAB DOES

Talent, skills, and labor mobility have been mainstays of BAB's advocacy work, particularly during the COVID-19 pandemic. BAB was a vocal advocate for the re-opening of the transatlantic travel corridor and led an eighteen-month campaign to connect the transatlantic business community with government leaders in the US and UK to find ways to safely resume transatlantic travel.

Given the substantial number of businesses and employees traveling between the US and UK, BAB has also advocated for smart immigration policies to make it easier to work across both markets through the publication of the White Paper "Open for Business, Open for People?"¹¹ We continue to engage with government partners on the topic, including for a bi-annual immigration briefing with the US Embassy in London.

In addition, in 2021/22, BAB has added the topic of skills & education to its policy agenda, spearheading efforts in both the US and the UK to address the skills shortage across various sectors.

FINANCIAL SERVICES: SETTING A TANGIBLE TRANSATLANTIC AGENDA

CONTEXT

The financial services sector is of great economic significance to both the UK and the US economies. While being each other's most important trading partner, both the UK and the US are also significant net exporters of financial services globally.

In that context, transatlantic businesses welcomed the emphasis both the UK and the US put on continued regulatory cooperation, reflected in the formation and work of the UK-U.S. Financial Regulatory Working Group (FRWG) since 2018. Governments also established the U.S.-UK Financial Innovation Partnership (FIP) to join efforts on emerging fintech innovation trends and regulatory practices.

In response to these welcome initiatives, the business community launched the British American Finance Alliance (BAFA) to accompany and inform the work of the FRWG and FIP.

The UK's recent efforts, reflected in the July 2022 Financial Services and Markets Bill, to set a new framework for financial services will play an important part in ensuring London's place as the world's leading center for capital markets by pursuing an ambitious agenda of reform.

The UK's new approach will naturally also inform the transatlantic discussion. The UK's ambition to create a regime that responds to the fast-changing needs of market users offers the UK and the US an opportunity and responsibility to take the lead on the global discussion around trade in financial services.

BAB RECOMMENDATIONS FOR POLICYMAKERS

1. We welcome the UK Government's recent efforts to make its Financial Services sector more competitive, and we encourage policymakers to **put an emphasis on creating a regulatory regime that is both agile and flexible**, and that puts competitiveness and growth at its heart. Close coordination with stakeholders will be key to make these reforms a success.
2. We encourage both the US and the UK to **conclude negotiations for a transatlantic data flow agreement** [see Data Flows Chapter in the Policy Agenda] and to work with the industry to **enable the transition to net zero** in the sector [see Sustainability Chapter in the Policy Agenda]. Our partners from *TheCityUK* recently published a useful report that summarizes

recommendations on behalf of the UK-based industry.¹²

3. We encourage HM Treasury and the US Department of the Treasury to **continue close stakeholder coordination around the UK-U.S. Financial Regulatory Working Group**. The next few months should be used to turn the productive discussions at the sixth meeting of the FRWG into a **strategic agenda for 2023**.

WHAT BAB DOES

Financial services make up a core component of BAB's membership and policy work. BAB is a founding member of the British American Finance Alliance (BAFA), and a close partner to industry trade groups like *SIFMA* and *TheCityUK*. Financial services were also included in BAB's 2015-2016 Policy Agenda.

BAB's regular programming features a particular focus on the financial services sector, including regular briefings and roundtables. Additionally, BAB hosts its annual Transatlantic Finance Forum (TFF), which convenes leading financial services professionals, executives, and government stakeholders to discuss current opportunities and developments in the sector.

LIFE SCIENCES: IMPLEMENTING THE VISION

CONTEXT

The UK is known to be a home for life sciences and healthcare innovation, with world-leading products, technologies, services and solutions. The UK is home to three of the top five universities in the world for preclinical, clinical and health subjects, and two of the top three for life sciences. Over 5,600 life sciences companies, including all of the top 25 global pharmaceutical companies and top 30 global medical technology companies, employ over 250,000 people across the UK.¹³

A significant part of this success story comes from American companies in the UK. US life sciences firms have been a crucial part of the UK life sciences infrastructure for almost 90 years, and the UK has often been the location businesses expand to outside the US. *Lilly UK* for example, was established in 1934, with the UK HQ located in Basingstoke in 1934.¹⁴ In 2020, another leading firm, *MSD* announced a state-of-the-art Discovery Research Centre in London.¹⁵ American firm, *Pfizer*, has been operating in the UK for 70 years and the country is home to its largest R&D facility outside the US. In 2022, the UK Government announced a new partnership with *Moderna*, which will include the opening of a new vaccine research and manufacturing center in the UK.¹⁶ Together, US companies are responsible for a significant portion of jobs, investment, clinical trials, and the development of new medicines.¹⁷

In order to preserve and build on the UK's role as a leading destination for life sciences innovation, in 2021, the UK government published its Life Sciences Vision, which outlines the governments and the life science sector's ambitions for the sector over the next decade.¹⁸

The Life Sciences Vision has been widely welcomed by the transatlantic business community. However, despite the favorable business environment life sciences firms find in in the UK, they face continuing challenges, whether it be hiring skilled workers, funding for R&D, supply chain disruptions, or drug pricing and payment. The success of the life sciences vision, therefore, and the future success of the UK's position as a "life sciences superpower" will depend on its implementation.

BAB RECOMMENDATIONS FOR POLICYMAKERS

1. We call on the UK government to **develop a detailed plan outlining how and when the ambitions set out in the government's Life Sciences Vision will be implemented.**
2. As part of the latter, we look forward to the industry, government and the NHS reaching a new Voluntary Pricing and Access Scheme (VPAS) by the end of 2023 that will continue to drive investment, growth and innovation in the UK life sciences sector to the benefit of patients, and the UK as a life sciences superpower.

3. The industry welcomed the introduction of a special Health and Care Worker Visa, introduced in August 2020. As part of its ongoing immigration review and skills & education plans, [see Labor Mobility & Skills Chapter in the Policy Agenda] we ask the UK government to continuously **review demand and availability of qualified personnel in the UK**.
4. We encourage the UK and the US to **continue talks around transatlantic economic collaboration in life sciences**, which should include regulatory alignment between the MHRA and FDA as part of broader efforts to drive a global regulatory harmonization, global leadership on intellectual property protection and enforcement [see IP Chapter in the Policy Agenda], and further incentives to ensure frictionless trade in medicines and pharmaceuticals between both countries.
5. To accelerate the time taken to bring innovative medicines to patients, we encourage the UK to ensure the whole system of regulation, assessment and reimbursement is closely connected and avoid new pressures and delays. The new Innovative Licensing and Access Pathway (ILAP) demonstrates how the MHRA can set itself apart, helping the UK remain a leading destination for new medicines.
6. As part of the broader trade discussion, we also encourage the UK and the US to continue the important discussion on how best to **collaborate on promoting critical supply chains resilience** - one of the work streams set out at the UK-US Trade Dialogues in Baltimore and Aberdeen – with particular view to medicine development and distribution [see Trade Chapter in the Policy Agenda].
7. We strongly encourage the UK to **continue its efforts regarding the dispute resolution proceedings over UK access to EU sciences programs**, including the Horizon Europe funding scheme.¹⁹ Continued collaboration on sciences and innovation between the UK and the EU has been a key priority for the transatlantic community since 2016.

WHAT BAB DOES

BAB is proud to represent a leading group of transatlantic life sciences companies, complementing the work being done by other industry trade associations. Over the years, we have worked closely with governments and businesses to highlight how transatlantic cooperation can be a source of growth and innovation for the life sciences sector in the UK and the US.

The life sciences sector is a key reference for BAB's work across many other portfolios, such as IP, labor mobility or research and innovation. BAB's 2019-2020 Policy Agenda outlined several areas for enhanced US-UK cooperation on research and innovation, calling on both governments to maintain an innovation-friendly regulatory environment and use domestic tax policy to encourage R&D investment.

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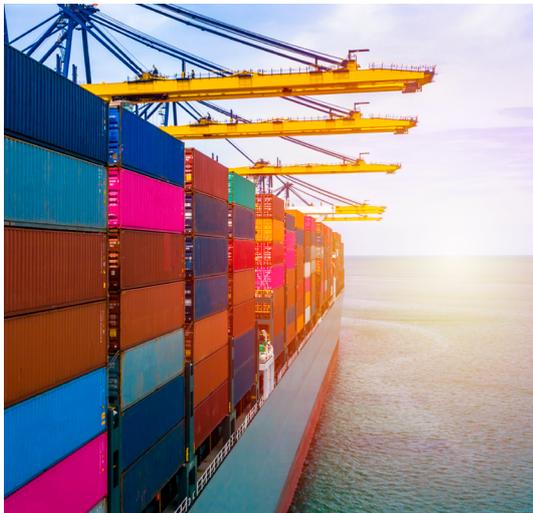
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The BAB Policy Sub-Committees are formal platforms within the wider Policy Group of selected Members to inform and execute on specific policy work streams identified by the Policy Steering Committee.



Financial and Professional Services



Trade



Digital Economy



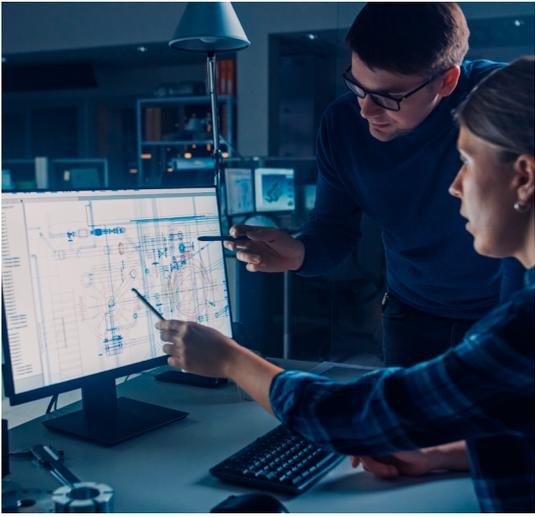
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BritishAmerican Business is the leading transatlantic trade association incorporating the British-American Chamber of Commerce in the US and the American Chamber of Commerce in the UK.

We are committed to strengthening the economic corridor between the United States and the United Kingdom by supporting policies and actions that protect and enhance the environment for transatlantic trade and investment on behalf of our members.

We convene and serve a growing network of companies and business leaders through networking opportunities, bespoke programming and marketing platforms.

We actively promote trade and investment and support those who make the transatlantic corridor part of their business growth ambition.

For more information, please visit www.babinc.org

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