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Taking the Next Step

*A Plan of Action for US-UK Trade Cooperation Following the
UK-US Trade Dialogues*

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Introduction

On March 16th, 2022, the UK and the US announced a new series of transatlantic dialogues aimed at deepening trade and investment ties.¹ BritishAmerican Business (BAB) and the wider transatlantic business community welcomed this announcement.

After 18 months of stalled negotiations for a comprehensive Free Trade Agreement (FTA), the move was seen as a positive development for the transatlantic relationship and for businesses operating across the US and UK. The Dialogues reflect both countries' commitment to strong US-UK trade, investment, and political cooperation at a time when global events make relationships between trusted partners more important than ever.

The first Dialogue held in Baltimore, Maryland, in March 2022 and second Dialogue held in Aberdeen, Scotland in April 2022 sent a positive signal to the world that the US and the UK would build on their existing relationship to advance some of the crucial policy issues of our time, including supply chain resilience, the energy transition, digital trade, green trade, and creating an inclusive, sustainable, and rules-based global economy.

While the transatlantic business community has never abandoned the ambition for a comprehensive FTA between the US and the UK, the establishment of the dialogues reflected BAB's conviction, as set out in 'A UK-US Trade & Economic Council' published December 2021, that further transatlantic economic cooperation is very much possible outside the scope of an FTA and that progress made now can inform formal trade negotiations in the future.²

In this context, BAB welcomed the fact that the second Dialogue meeting identified specific workstreams on which progress can and should be made, as well as the announcement that the US-UK Small and



United States Trade Representative Katherine Tai and UK Secretary of State for International Trade Anne-Marie Trevelyan met in April 2022 for the 2nd round of the US-UK Trade Dialogues.
Photo Credit: Department for International Trade

Medium sized Enterprise (SME) Dialogues would resume in 2022. Our community was also encouraged that the Dialogues provided a good occasion and momentum to announce that a solution had been found to resolve the steel and aluminium tariff dispute, one of the major recent irritants to transatlantic trade.

A little more than a month on from the conclusion of the Dialogues, it is important that the momentum these Dialogues have created is not lost and tangible outcomes are produced as a result of the stakeholder and bilateral discussions.

Ahead of the second Dialogue in Aberdeen, BAB made a series of recommendations to 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.

This paper now publishes these recommendations as an encouragement to the UK and US Governments to develop an ambitious roadmap with economically meaningful outcomes, as set out in the Joint UK-US Statement from April 26th, 2022.³

The recommendations have been made in consultation with leading transatlantic businesses and other stakeholders invited to the Dialogue meeting in Aberdeen. They reference and take inspiration from chapters of recent US and UK trade agreements (such as USMCA and UK-Australia FTA), existing UK-US partnerships (such as the US-UK Financial Innovation Partnership (FIP) or the UK-US Science and Technology Agreement), specific UK and US initiatives (e.g. around global crypto asset technology or supply chains), international frameworks (e.g. UNDP Sustainable Development Goals), as well as previous work created as part of the UK-US Dialogue process (e.g. Doing Business in the UK and the US – Resources for Small Businesses). Most importantly, these recommendations ought to be feasible to be integrated into a tangible action plan for UK-US trade cooperation outside the scope of an FTA.

A plan of action for UK-US trade cooperation

| Focus Area | Tangible Outcome | Recommendations |
|------------|---|---|
| SMEs | The creation and implementation of a comprehensive US-UK SME partnership (trade cooperation agreement) as a stand-alone agreement, with an action plan to be proposed at a revived US-UK SME Dialogue meeting to be held in June 2022. | <ul style="list-style-type: none"> • Develop a joint set of principles for the future US-UK SME agenda, including: <ul style="list-style-type: none"> - The promotion of cooperation between the Parties' small business support infrastructure - The strengthening of collaboration with the other Parties on activities to promote SMEs owned by under-represented groups - The increase of cooperation with the other Parties to exchange information and best practices in areas including improving SME access to capital and credit, SME participation in covered government procurement opportunities, and helping SMEs adapt to changing market conditions. |

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| SMEs | <p>The creation and implementation of a comprehensive US-UK SME partnership (trade cooperation agreement) as a stand-alone agreement, with an action plan to be proposed at a revived US-UK SME Dialogue meeting to be held in June 2022.</p> | <ul style="list-style-type: none"> • Update and produce a joint report on barriers faced by the SME community when trading across the Atlantic, building on existing work, such as the USITC report on trade-related barriers affecting exports of US SMEs to the UK. • Create a stand-alone website/section on existing sites that summarizes and links to resources on support infrastructure, regulation, standards, customs, tax, IP, rules of origin, tariffs, procurement, and legal questions around business registration. • Update the current ‘Doing Business in the US and the US – Resources for Small Business’ booklet to reflect new initiatives, resources, and contacts in both countries and establishing a joint website specifically for SMEs to make these resources widely accessible. • Continue and/or expand the US-UK SME Dialogue to become an annual event. • Create a US-UK SME expert Committee that <ul style="list-style-type: none"> – produces a first report outlining mission and ambition of the Committee and following that comes together annually to assess progress and to make recommendations as to how to further strengthen and develop the US-UK SME agenda. • As part of the Committee process, appoint SME Coordinators in the US and the UK across Departments that help to ensure the exchange of new initiatives and practices affecting US-UK SME trade and investment. • Establish mechanisms that allow for the Committee recommendations to shape policy making across relevant Departments to reflect small business interests. |

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|---------------|--|--|
| Digital Trade | The negotiation of a Digital Economy Partnership Agreement that establishes new approaches and collaborations in digital trade. | <ul style="list-style-type: none"> • Develop a joint set of principles that outlines ambitions and scope for collaboration in digital trade, including: <ul style="list-style-type: none"> - Paperless Trade - AI - Digital Inclusivity - Data Flows - Consumer protection - Digitally tradeable services - Crypto asset technology/digital assets - Cyber Security - Market Access - SMEs • Create a US-UK workplan for paper-less trade, linking efforts made around US-UK customs and trade facilitation. • Establish a working group that explores feasibility and scope of a future US-UK Digital Trade Agreement and/or a Digital Economy Partnership, covering core areas such as commitment to no data localization and a removal of technical barriers to digital trade • Commit to making digital trade a key focus of the upcoming SME Dialogue in June. • Create an ongoing regulatory dialogue on digital trade and technology to ensure US-UK alignment on quickly emerging new technologies, identify best practices, and develop shared standards. These discussions should build on the work done by existing groups, like the US-UK Financial Innovation Partnership. |
| Green Trade | The definition of Joint Principles for US-UK Green/Sustainable Trade , ranging from finance, trade in goods, fostering | <ul style="list-style-type: none"> • Establish a joint set of principles, aligned closely with work done at the multilateral level, that help: <ul style="list-style-type: none"> - Underline the importance of green trade to environmental goals, whether it be reaching net-zero goals, or specific objectives, such as combatting illegal logging, conserving biodiversity, |

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|---------------|---|---|
| Green Trade | green technologies, energy transition, and commitments to protect the environment. | <p>or tackling subsidies that lead to negative environmental consequences.</p> <ul style="list-style-type: none"> - Identify areas for increased investment in the research and development of green technologies and support sustainable innovation. - Increase investment in the skills and training needed to fill ‘green jobs.’ - Identify areas and potential incentives for increased investment in the research, development and commercial scaling of green technologies and sustainable innovation - Identify provisions that can provide the foundation of a future formal US-UK agreement, such as committing to an environmental impact assessment of new projects, a commitment to implementing multilateral agreements, or identifying further specific areas of collaboration, such as pollution from ships, waste treatment, and the recovery of overfished stocks. <ul style="list-style-type: none"> • Commit to increased US-UK information sharing and regulatory dialogue, including on sustainable finance, green procurement, ESG disclosures, or trade in environmental goods and services. |
| Supply Chains | The definition of joint priorities and ambitions to establish US-UK leadership on protecting bi-lateral and global supply chains for businesses and economies. | <ul style="list-style-type: none"> • Joint priorities should include: <ul style="list-style-type: none"> - Continued dialogue between business and government to identify supply challenges and solutions. - Identifying areas for increased investment and cooperation in the research, development, and manufacturing of technologies. - A joint assessment of current supply chain vulnerabilities that identifies areas where US-UK cooperation can address these challenges, including temporary measures. - Building on provisions in the revitalised US-UK Atlantic Charter on strengthening and securing critical supply chains, battery technologies, and emerging technologies. |

References

¹ Department for International Trade, UK & US launch transatlantic dialogues to boost £200bn trade relationship, <https://www.gov.uk/government/news/uk-us-launch-transatlantic-dialogues-to-boost-200bn-trade-relationship>.

² BritishAmerican Business, A UK-US Trade and Economic Council, <https://www.babinc.org/psirteex/2021/12/A-UK-US-Trade-and-Economic-Council-Final-Copy-Web.pdf>.

³ United States Trade Representative, Joint Statement on US-UK Dialogue on the Future of Atlantic Trade in Aberdeen, <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2022/april/joint-statement-us-uk-dialogue-future-atlantic-trade-aberdeen>.



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

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June 2022
BritishAmerican Business
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