



**Future US and EU
cooperation
on trade-
related issues**

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The transatlantic trade and investment relationship helps create millions of jobs and shapes large parts of the global economy. Together, the European Union and the United States account for around one-third of the world's GDP and for nearly one-third of global trade in goods and services. Now, with a new administration in place in the US, there is momentum to further strengthen our bilateral ties.

In this paper, the Confederation of Swedish Enterprise would like to highlight a number of areas where we believe that the EU and US could and should increase their cooperation at the bilateral and the multilateral levels.

Trade between the EU and the US: in figures

Europe and the United States are each other's most important markets and are each other's primary source of, and destination for, foreign direct investment. In 2019, the US was the largest export market for EU goods (18%) and the second-largest market for EU imports of goods (12%). For the trade in services, in 2018 the US was the EU's second-largest trading partner for exports; while for import of services, the US was the EU's largest trading partner.

...and trade between Sweden and the US: in figures

The US is Sweden's third-most important destination for exports of goods (8%) and the twelfth-most important country for imports of goods (around 3%). Some 10% of Sweden's services exports go to the US and almost 12% of Sweden's services imports come from the US. Swedish direct investment assets in the US in 2019 amounted to 65 billion USD, and American direct investment assets in Sweden amounted to 24 billion USD. In 2018, Swedish affiliates in the US employed over 235,000 people and had a combined turnover of nearly 81 billion USD.

The bilateral agenda

As a first step, the EU and the US should solve the **current tariff conflicts** and eliminate the increased tariffs on steel and aluminium. The EU should be considered as an ally, rather than as a threat to US national security. The EU and the US should also find a way to permanently solve the long-standing **Airbus/Boeing subsidies conflict**, which is damaging companies on both sides of the Atlantic.

The negotiated tariff reductions on products including lobsters, crystal glassware and cigarette lighters are welcome, but must lead to more ambitious discussions. The long-term vision should be that the EU and US resume negotiations on a comprehensive **free trade agreement**. They could take a sequential approach to trade negotiations, starting with **tariff reductions on industrial goods and cooperation on standards**, including how

to facilitate the processes by which companies have their products tested (**conformity assessment**). The negotiations could then progress on to other areas, including trade in services, government procurement, intellectual property rights and trade in agricultural products.

The EU and the US should create a new **EU-US Trade and Technology Council** – as proposed by the European Commission – to facilitate trade, discuss and develop compatible standards and to promote innovation. Both sides should also cooperate on issues relating to the digital economy, including on AI (Artificial Intelligence) and cybersecurity. Inspiration and experiences for this can be drawn from the Transatlantic Dialogue, established during the TTIP negotiations. Any such Technology Council must be ambitious if it is to deliver tangible results. In addition, other transatlantic economies, such as Canada and the UK, could perhaps also participate.

Following the European Court of Justice’s annulment of the Privacy Shield with the US, there is considerable concern over what will happen to data transfers outside the EU. A new solution for companies to safely **transfer and share data** between the EU and the US must be found. A closely-structured dialogue between the EU and the US on data flows is of utmost importance both for the operations of American and European companies and for transatlantic trade.

The EU and the US should increase cooperation and exchange experiences on issues and initiatives related to **climate change**, such as the fight against deforestation, the development of a carbon border adjustment mechanism and other proposals and initiatives.

Both the EU and the US should refrain from introducing any further ‘**Buy American**’/‘**Buy European**’ policies or initiatives.

The multilateral/plurilateral agenda

The EU and the US need to work together on reforming the WTO (World Trade Organization), including on the most urgent issue – restoring the dispute settlement system through **reforming the Appellate Body**. In addition to the dispute settlement system, the EU and the US should also explore ways to improve the handling of **Special and Differential Treatment (SDT)**, increase transparency and notifications within the WTO and investigate how to move forward with **plurilateral negotiations** when multilateral consensus is not possible.

The EU and the US should continue their efforts to create new trade rules, fit for the 21st century. These efforts must include concluding the important **e-commerce negotiations**. Any agreement should include rules on data flows, duty-free access to electronic transactions, rules against forced transfer of source code, paperless trading procedures and electronic signatures and contracts. The agreement should also lead to improved market access for services and include commitments to accede to the ITA (Information Technology Agreement) and its extension.

The trilateral work between the EU, the US and Japan on **subsidies, state-owned enterprises and level playing field issues** should restart and lead to concrete proposals, to be discussed with other WTO members. At minimum, compliance with current rules on industrial subsidies should be strengthened and lead to greater transparency. To counteract market distortions, other types of subsidies should be added to the category of prohibited subsidies. In addition, the EU and the US should work with other countries to conclude the negotiations for an agreement on eliminating subsidies for illegal, unreported and unregulated (IUU) fishing. Such an agreement should prohibit certain

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types of **fisheries subsidies** that contribute to overcapacity and overfishing.

The EU and the US should also take part in discussions on global rules for facilitating **trade in essential medical goods**, covering import tariffs and export restrictions. Given this, it would be most welcome if the US were to join the Trade and Health Initiative put forward by the Ottawa group.

The two sides should engage in discussions on how to move the **green agenda** forward within the WTO. These should also include considerations on how to liberalise trade in goods and services and how to facilitate the transition to a circular economy. It would therefore be valuable if the US joined the new initiative launched to intensify WTO work on trade and the environment.

The EU and the US must increase their cooperation – both multilaterally and in other formats – in order to continue to put pressure on **China**. It needs to comply with WTO rules and change its behaviour in areas such as subsidies, state-owned enterprises and forced technology transfer.

Finally, the EU and the US should continue their engagement in the ISO as well as cooperating and – when possible – aligning their positions within **international standard setting** bodies.



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