

THE PRESIDENT'S EXPORT COUNCIL

WASHINGTON, D.C. 20230

June 6, 2012

President of the United States of America  
The White House  
Washington, DC 20500

Dear Mr. President,

We applaud you for the initiative at last year's U.S.-EU Summit to establish a High Level Working Group on Jobs and Growth, with the goal of identifying policies to increase U.S.-EU trade and investment. We urge you to take the critical next step, in consultation with the private sector, to move forward quickly to define and launch a comprehensive and ambitious Transatlantic Partnership (TAP) negotiation. A TAP initiative should incorporate all of the 21<sup>st</sup> century trade commitments already identified by the PEC in its March 11, 2011, letter as a starting point.

A Transatlantic Partnership will deliver real economic value. Approximately half of U.S. manufacturing foreign direct investment is in Europe, totaling \$268 billion in 2009. Manufacturing sales by majority-owned U.S. companies' affiliates in Europe total almost \$1.4 trillion and EU investment in the U.S. supported 3.6 million jobs in 2010. Additionally, U.S. and EU services sectors are closely interlinked and would benefit from the elimination of existing barriers. Despite the overwhelming size of the trade and investment relationship, bilateral trade is handicapped by existing tariffs and other barriers to trade and investment. The gains from removing these barriers would be a significant boost to both the American and European economies. Additionally, an U.S.-EU initiative has unprecedented public support – including from the American and European business communities, legislators, European heads of state, and civil society.

The TAP must be a broad and ambitious negotiation that is comprehensive in scope. We see great potential for expansion in U.S.-EU bilateral job growth, trade, and investment through an agreement that includes:

- Elimination of industrial and agricultural goods tariffs, which will especially reduce the cost of intra-company trade.
- Full liberalization of the services trade, including distribution.
- Strong protections for intellectual property rights (IPR) and cooperation on enforcement of IPR.
- A comprehensive approach to regulatory barriers to trade in goods, including:
  - Establishing a risk-based approach for regulations, based on the principles of sound science, risk management, risk assessment, and transparency.
  - Harmonizing, eliminating, or establishing mutual recognition to address duplicative or redundant technical regulations, standards, and conformity assessment procedures.
  - Developing principles for regulatory actions and a coherent U.S.-EU process for new regulations.
- Enhanced investment protection that fully opens the transatlantic market to U.S. and European investors.

- Common principles to competition policy and new rules for the behavior of state-owned enterprises acting in the commercial arena.
- Cooperation on border security, including consistent and intelligent monitoring of cargo facilities and ports and the facilitation of legitimate business travelers.
- Trade facilitation measures to promote the development of efficient supply chains.
- Expanded coverage of government procurement beyond the recent WTO agreement.
- Provisions to encourage the development of innovative, growth-creating technologies and business models, particularly in the digital field, by eliminating barriers to digital trade and e-commerce.
- Solutions to issues surrounding privacy, data protection, cybersecurity and global data flows.
- Mutual recognition of an approach that will enhance respect for the environment by taking into account the full lifecycle of manufactured products, including packaging, recycling, and reuse.

Another long term benefit of these negotiations would be a reenergized U.S.-EU partnership to better engage with third countries on the economic ground rules underpinning the multilateral system. Efforts to open transatlantic markets and lift and align transatlantic standards and regulatory regimes, where appropriate, can drive broader international cooperation. The stronger our bilateral convergence, the greater the likelihood of making tangible progress in opening third markets and ensuring a rules-based approach.

A revitalized U.S.-EU partnership can promote the development of non-discriminatory international standards. Given the size and scope of the transatlantic economy, standards negotiated by the U.S. and EU can become the benchmark for inclusive regional and ultimately global models, reducing the likelihood of more stringent, protectionist requirements or discriminatory industrial and regulatory policies for products and services. This is an opportune moment for such an agenda.

An ambitious TAP negotiation requires a commitment to high standards and a comprehensive agenda aligned with industry and USG international priorities.

The PEC will continue to work closely with both the U.S. and EU business communities to develop more detailed recommendations, including sectoral approaches. We urge your Administration to work closely with the European Commission and leading Member States to launch these negotiations before the end of 2012.<sup>i</sup>

Sincerely,



Jim McNerney

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<sup>i</sup> Please note this letter was prepared by the private sector appointed members of the PEC.