

May 15, 2019

The Honorable Wilbur Ross
Secretary
U.S. Department of Commerce
1401 Constitution Ave., N.W.
Washington, DC 20230

Dear Secretary Ross:

We are writing to provide our comments on the U.S.-EU Trade Negotiations.

The Environmental Technologies Trade Advisory Committee (ETTAC) is a Federally-established committee whose purpose is to advise on the policies and procedures of the U.S. government that affect U.S. environmental technology and service exports. In this capacity, we especially appreciate the opportunity to provide our comments on the U.S.-EU Trade Negotiations.

The U.S. environmental industry supports over 1.6 million jobs and generates over \$342 billion in revenue.

The European Union is the United States' second-largest manufactured goods trading partner. U.S.-manufactured goods exports to the European Union in 2017 equaled \$318 billion and U.S. services exports worth \$243 billion.

The ETTAC welcomes the opportunity to expand the commercial relationship with the EU, including through the negotiation of a U.S.-EU Trade Agreement. A stronger, more open and competitive U.S.-EU commercial relationship will expand opportunities for the growth of manufacturing and jobs in the United States.

Our recommendations are attached.

We appreciate the opportunity to provide our recommendations and look forward to working with you to support the growth of the U.S. environmental goods and services exports.

Sincerely,



William Decker
Chair, ETTAC

cc: Ambassador Robert Lighthizer
United States Trade Representative

ETTAC Recommendations on the U.S.-EU Trade Negotiations

While the United States and the European Union share a robust commercial relationship, manufacturers in the United States have long supported efforts to expand and improve that relationship. As the negotiations continue, we offer the following recommendations:

Guiding Principles: In pursuing a new trade agreement with the EU, the United States must achieve market access and favorable terms that are, at a minimum, equivalent to those afforded by the EU in trade agreements with Canada, Mexico, and Japan. We encourage the U.S. to engage in a comprehensive trade negotiation, as set forth in USTR's negotiating objectives.

We also encourage the U.S. and EU to achieve the strongest possible intellectual property rights (IP) and trade secret protections. Strong IP rights and protections in both countries are critically important to ensure that third parties and state-supported bad actors cannot exploit weaknesses in IP legal and regulatory systems to misappropriate technology and trade secrets.

Focus on Sustainable Development and Resource Efficiency: The U.S. and EU should work closely with stakeholders to create incentives to boost the Circular Economy and promote resource efficiency through best practices. Transatlantic cooperation on how sustainable agriculture, energy, waste, and water, policy will make it easier for American and European companies to lead global efforts to address key resource challenges and a changing climate, while protecting economic growth.

Discriminatory standards, technical regulations, testing procedures, and conformity assessment requirements: The U.S. and EU take different approaches on standards, conformity assessment, and regulations. While not always incompatible, these different approaches often form the basis for technical barriers to trade. Historically, each side has often proposed divergent methods to resolve these barriers without materially reducing the degree to which the goals and objectives of the standards or government policies are achieved, and that act as barriers to U.S. exports and sales. Many of these problematic regulations are based on non-scientific, quasi-scientific, or even political factors; are not implemented through fully transparent procedures; lack technical justification; or result in implementation burdens that are not proportionate to intended consumer or public welfare benefits. Such regulatory approaches are problematic, not only in the EU itself but also in countries that adopt EU regulations. To address the challenges, the U.S.-EU trade negotiations should:

- **Accept globally recognized international standards** as defined by the World Trade Organization. EU regulators limit the definitions of "international standards" that must be considered in drafting regulations only to those created by a specific set of international organizations (such as the International Organization for Standardization (ISO), International Electrotechnical Commission (IEC) and International Telecommunication Union (ITU)) instead of following the full World Trade Organization definition of an international standard under its Agreement on Technical Barriers to Trade. These challenges effectively reduce market access for U.S. products unless they undergo additional testing, at an additional expense and delays in market entry, according to EU standards
- **Align standards to strengthen global market competitiveness:** Divergent regulatory requirements increase costs and limit competition. While alignment may not be appropriate in all cases, it may make sense when alignment would strengthen both economies to better compete against third parties.

- For example, in the area of mobile emissions, the U.S. and EU technology leadership would be strengthened by aligning to the highest emission standards. Specifically,
 - the EU should align to the U.S. gas emission standards. The U.S. Tier 3 (LEV 3) regulations are the most stringent regulations in the world today.
 - The U.S. should align with the EU particulate number standards, so industry does not lose leadership to China and India.
- **Increase regulator-to-regulator dialogue for more efficient regulatory processing** by building on the work of the original TTIP negotiations. The U.S. and EU should empower regulatory agencies to take up regulatory cooperation projects, for example pilot projects on data sharing and risk assessment between EPA and ECHA. Increased dialogue; greater understanding of the regulatory process; and ultimately alignment on efficient, science-based procedures would allow differing regulatory systems to better co-exist, for large and especially small business.

Government Procurement: The EU is a signatory to the WTO Agreement on Government Procurement (GPA). The GPA allows U.S.-based companies to bid on public tenders covered by the agreement. However, the EU's lack of country of origin data for winning bids makes it difficult to assess the level of U.S. and non-EU participation. Nevertheless, a 2011 report commissioned by the EU noted that only 1.6 percent of total Member State procurement contracts were awarded to firms operating and bidding from another Member State or a non-EU country, demonstrating that in practice the value of direct cross-border procurement awards even among Member States was very small. The same study reported that U.S. firms not established in the EU received just 0.016 percent of total EU direct cross-border procurement awards.

Eliminate the 232 Tariffs on Steel and Aluminum: While not technically within the scope of the negotiations for the U.S.-EU Trade Agreement, the U.S. must address the existing Section 232 tariffs on EU exports of steel and aluminum, which are having an overall negative economic effect on U.S. manufacturers who depend on these products to produce goods for U.S. consumers as well as for export.