

TEC - Sector Specific Statements

Secure Trade – Mutual recognition of authorised traders

For both the EU and the U.S. it is fundamental to protect their citizens from global threats to the global supply chain system. To achieve this, secure shipper programmes need to be implemented in a coherent manner between the worlds' trade partners.

Cargo security is enhanced by managing risks to the supply chains entering or leaving EU or US' territories. This is vital when it comes to protecting citizens against the threat of terrorism, but this should be done without major trade distortions, costs for business and port authorities. One key element to achieve this goal would be through a mutual recognition by EU and US trade partnership programmes, i.e. the Authorised Economic Operators (AEO) and the US Customs' Trade Partnership against Terrorism (C-TPAT). Consequently, the EU and the U.S. would recognise each other's "reliable" traders. This approach follows a risk-based rationale.

An important step in this direction has been taken today: the EU and the U.S. have announced at the Transatlantic Economic Council (TEC) meeting to have reached an understanding on final steps towards mutual recognition of authorised traders, as confirmed at an earlier meeting between Homeland Security Secretary Napolitano and EU Commissioner for Customs Union Semeta. Principals also welcomed the progress made with the adoption of a joint work programme on the joint validations of AEO and C-TPAT programmes.

Work towards mutual recognition will continue with implementation by 31 October 2011 dependent on the successful completion of the agreed upon steps.

Principals further agreed to deepen transatlantic cooperation on supply chain security policies.

Small and medium-sized enterprises (SMEs) and the transatlantic market place

SMEs are critical engines of job creation and innovation in the EU and U.S. economies and will play a crucial role in building sustained recoveries from the economic crisis. SMEs create most new jobs in the private sectors of the U.S. and the EU. They account for more than 99 percent of all enterprises on both sides of the Atlantic. But SMEs often lack the resources and know-how to benefit fully from global trade opportunities.

Strengthening the export performance of SMEs is high on the agenda of the EU and the U.S. Both the Europe 2020 strategy and the US National Export Initiative (NEI) include a number of initiatives to reinforce the international role of SMEs. Progress achieved today in the TEC will help US and EU SMEs to participate more actively in the transatlantic and global economies. SMEs will be major beneficiaries of the results of TEC initiatives in the specific areas of testing methodologies for energy efficiency, e-health, and streamlined customs procedures for authorised traders. SMEs will also benefit from future TEC regulatory cooperation efforts.

The new Transatlantic IPR Resource Portal will be especially useful to SMEs as they seek to protect and enforce their intellectual property rights in third countries.

The EU and the U.S. are also planning a SME “Best Practices” conference in early 2011. This event will bring together government officials and SME executives from both sides for discussions on various topics, including export performance and promotion, entrepreneurship, access to finance, reduction of administrative burdens, public procurement and internationalisation. A key aim of this conference will be to identify ways to enhance cooperation in the development of policies that support SMEs and their increased participation in transatlantic commerce.

E-Health/Interoperability of Electronic Health Records/EHR

Interoperability of health IT is a key for a more competitive environment, improved trust of procurers and safer and higher quality services at a lower price. Both the U.S. and the EU will make significant investments in health IT initiatives over the next five years.

Businesses on both sides of the Atlantic have called upon the EU and the U.S. to encourage and enable the up-take of innovative healthcare solutions and tools by the healthcare sector. Existing initiatives, like the large -scale pilot epSOS¹, have also outlined the urgency of such cooperation. An important long-term goal is the establishment and implementation of globally interoperable IT standards. To achieve this, cooperation between the EU and U.S., the world's most important trade and investment partners, will be fundamental.

An important step forward in this direction has been taken at today's meeting of the TEC. EU Vice President Kroes and US HHS Secretary Sebelius signed a Memorandum of Understanding (MoU) in which they agree to cooperate on the interoperability of electronic health records' technologies. This will allow European and US companies to develop applications for the health sector on a common ground. Interoperability will create synergies and economies of scale and bring benefits to patients, doctors and healthcare systems at large.

The healthcare sector is a rapidly expanding sector, representing 16% of US GDP and 10% of EU GDP. Technological uptake and aging populations will increase these numbers. With an aging population health care costs are expected to expand further. In the long-term, the development of e-health and telemedicine applications will help increase efficiency of healthcare systems and improve the quality of care.

The MoU signed today could form the basis for future cooperation initiatives. By working towards common interoperability standards for electronic health records technology, the EU and the U.S. seek to arrive at common approaches to the interoperability of patient summaries. This could ultimately support the creation of a model for global electronic health records' interoperability and the development of global standards for telemedicine.

The EU and the U.S. intend to work further in the area of certification of EHR systems to stimulate transparency and trust in the market as well as demand once the national position and related legislation has taken its course. The EU and the U.S. will also work within the OECD framework on measuring the progress of e-health and support the efforts on proving on a large scale the benefits of e-health. Both sides will continue their excellent cooperation in e-health research, such as the cooperation with national institutes of health on multi-scale modelling and simulation of human body and diseases. Finally, the MoU will provide further opportunities for cooperation in the field of telemedicine and other related e-health domains that will tackle the challenges arising from our aging society.

¹ epSOS is a Large Scale Pilot project co-funded by the EC under the CIP ICT PSP programme. It involves today 12 European Countries, and over 30 IT companies. BY 2011 epSOS is planned to be extended to 23 Countries. Its objective is to develop test and validate interoperability of patient summaries and ePrescription. www.epsos.eu

EU-U.S. Innovation Action partnership

At the 2009 TEC meeting, the United States and the European Union recognized the importance of innovation as a key driver of economic growth and job creation and of the need to deepen transatlantic cooperation in this area. The TEC Co-Chairs tasked the Innovation Action Partnership (IAP)² with overseeing this work and with developing and implementing a work program. During today's meeting, EU Commissioners Geoghegan-Quinn and U.S. Commerce Secretary Locke submitted a work program to the TEC, which is briefly described below:

After considerable consultations with industry and consumers, the IAP identified three areas in which to begin its activities:

- innovation policy, with a focus on commercialization and innovation cluster mapping;
- access to raw materials, including trade and related innovation policies; and
- development of a bio-based economy that will encourage the use and development of eco-friendly products.

The IAP will maintain a flexible agenda that can expand as demands on key innovative areas and activities are identified. This will ensure that the work will have concrete and measurable results for business and consumers. Potential areas that could be explored for future collaboration include nanotechnologies, green procurement, and social innovation. Social innovation means work on the design and implementation of creative ways of meeting societal needs, such as new ways to change work and travel habits to cut carbon emissions and to find better models of eldercare. The IAP will report regularly on its progress and results.

² The Innovation Action Partnership is an expert-led mechanism for promoting innovative and entrepreneurial activity. Its goal is to help stimulate jobs and economic growth. The activity is co-chaired by the U.S. Department of Commerce and the European Union's Directorate-General for Industry and Entrepreneurship.

ICT services cooperation

The EU and the U.S. share many common interests in the information and communication technologies sector. It would therefore be valuable for the two sides to embrace common general principles that they would seek to promote in their negotiations with third countries. Firms on both sides of the Atlantic have called upon the EU and the U.S. to advocate the elimination of restrictions to the development of open competitive information and communication technology networks and to promote innovative IT infrastructures world-wide. The EU and the U.S. have agreed at today's TEC meeting to jointly develop a set of globally relevant trade-related principles for the information and communication technology sector, in particular in certain telecommunications and internet services, which they will then promote world-wide.

These principles could relate to transparency, open networks, non-discriminatory use of spectrum, access to licences, inter-connection and independent regulatory authorities. The EU and the U.S. expect that the wider adoption of these principles will support the global development of information and communication technology sector networks and services, strengthen the competitiveness of the sector and bring benefits to EU and U.S. companies and consumers. The TEC will seek to reach agreement on the contents of such principles by the end of February 2011.

EU-U.S. Cooperation on Chemicals

With a view to achieving more effective and transparent regulatory co-operation both sides discussed the possibility of launching an enhanced dialogue on chemicals, which would facilitate economic and trade integration, as well as strengthen environmental and health protection.

Possible cooperation topics include regulatory and trade issues, specific chemical issues, exchange of information available to regulatory authorities, as well as increased bilateral co-operation in key international fora such as the OECD or the UN. The contribution of chemicals policy to the green economy, resource efficiency, competitiveness and innovation was also discussed. The parties acknowledged the importance of a dialogue on chemicals. They will continue talks on the scope and specific contents of such cooperation and will report to the TEC by the end of February 2011.

Vehicle Technology Innovation: E-mobility

Electric drive vehicles can significantly boost the automobile industry and job creation on both sides of the Atlantic while reducing reliance on oil imports and reducing carbon emissions. The electric rechargeable vehicles sales in Europe are forecast to represent already 3-5% of the market in 2020 and grow at a quicker pace in the subsequent years. The U.S. goal is to have one million electric hybrid vehicles on the road by 2015. Importantly, the European and the US automotive value chains are closely interlinked and companies are very often active on both markets. It is therefore of key importance that the U.S. and the EU work together in a targeted way to provide a coherent political framework for electric vehicles technology and market and thus revitalise their automotive industry. For both economies, the automotive industry is of key importance in terms of value added and creation of employment.

An enhanced and forward-looking co-operation that facilitates the development and market penetration of clean and energy-efficient vehicles, in particular rechargeable electric vehicles, deserves thorough attention as it offers the possibility of ultra low-carbon mobility and reduced oil import dependency.

As noted at the recent Transatlantic Workshop on Electric Vehicles and Grid Connectivity harmonization of electric vehicle charging equipment has a variety of benefits. These include lower equipment costs and electricity bills, better system integration, and more reliable electricity supply. Smart charging, allowed by standard communications protocols between EVs and power grids, can ensure that drivers get the charge they need while the lowest cost sources of power, including intermittent renewable power with a low marginal operating cost, are used to meet the charging requirements. The TEC recognized that international cooperation between the EU and the U.S. has to be continued.

The TEC therefore urged the EU and the US authorities and agencies and all competent government institutions to work with private institutions and companies active in this area. The objective is to cooperate on the joint development of compatible standards for electric vehicles' charging interfaces and to continue our cooperative efforts at the World Forum for Harmonization of Vehicle Regulations of the United Nations Economic Commission for Europe. Progress will be reported to the TEC by the end of February 2011 and will be further reviewed at the next TEC meeting.

Energy Efficiency

The EU and the US have agreed in a joint statement of the TEC to strengthen their product-specific technical collaboration on energy efficiency.

Both the U.S. and the EU have large regulatory programs directed at improving the energy and environmental performance of appliances and equipments. The EU has a program governed by Ecodesign Directive 2009/125/EC. The U.S. has a program governed by 42 USC 6291 et.seq. Both programs establish test methods for determining the efficiency of energy-related products and conduct technical and policy analyses that lead to the establishment and periodic updating of government-specified minimum energy efficiency performance requirements.

The joint statement is based on the cooperation between the US Department of Energy, led by Secretary Chu, and the European Commission, Directorate General for Enterprise and Industry, led by Vice President Tajani and Directorate General for Energy, led by Commissioner Oettinger. It initiates a technical-level collaboration in a minimum of three specific product areas of the EU Ecodesign and the US energy efficiency program - distribution transformers, commercial refrigeration and lighting - to the mutual benefit of the respective programs that will focus on the testing, technology, market and other issues raised during the development of regulations of energy-related products.

At today's meeting the EU and the U.S. stressed the importance of their existing fruitful collaboration on testing methods and performance requirements for energy efficiency.

Raw Materials

Global prosperity has increased consumption of many industrial raw materials. While this is generally a positive trend, growing consumption can cause scarcity and higher prices of many raw materials, as some materials are limited in supply and considerable time and investment will be required for the supply of other materials to meet new demand. Increased competition for, and supply problems with, raw materials have prompted governments to intervene in raw materials markets through export restraints, dual pricing, and other measures aimed at making more raw materials available for domestic processing industries and preserving resources for long-term development.

A sustainable and secure international supply of industrial raw materials is a vital national interest of the EU and the U.S. Given that many raw materials – including metals and minerals are produced and distributed in different places around the world, free trade is essential to the steady and sustainable supply of industrial raw materials to industries around the world, and disruptions in raw materials trade can cause significant harm to companies, economies, and the global trading system. Collaborative research across the value chain, including on recycling, mining, and substitution of critical raw materials is also essential and needs to be explored.

As part of the Transatlantic Innovation Action Partnership, the EU and the U.S. have agreed on a plan of work aimed at enhancing cooperation on raw materials policy in two areas:

- **Strategies aimed at promoting increased transparency in the raw materials trade policies of third countries and eliminating trade barriers that distort global materials markets.** We will seek to encourage the development of a strengthened international framework for trade in raw materials in the G20, OECD, and other fora by:
 - Coordinating on transparency work on trade in raw materials in the OECD;
 - Encouraging the development of OECD best practices on least-trade restrictive policies for developing raw material resources in a sustainable manner; and
 - Cooperating in the WTO to reduce barriers to trade in raw materials.
- **Strategies to improve the investment and innovation climate to accelerate the sustainable development of raw materials industries, thereby improving global supply.** Possible initiatives include:
 - Identification and removal of barriers to sustainable, transparent investment in global raw materials;
 - Identification of possible research topics of common interest;
 - Encouragement of policies, through appropriate international fora, that accelerate the development of efficient recycling of key materials and facilitate the use of innovative materials throughout the economic value chain;
 - Development of innovative solutions for safe, economical, sustainable, and energy-efficient extraction, processing and recycling of industrial raw materials;
 - Development of viable alternatives for critical raw materials; and
 - Working with U.S. and EU industries to develop a “best practices” list for the economical, sustainable, and energy-efficient extraction, processing, recycling

and transportation of industrial raw materials.

Our initial engagements and private sector consultations under this work plan will take place in early 2011.

U.S.-EU IPR Cooperation

Established in 2005, the U.S.-EU Intellectual Property Rights (IPR) Working Group met most recently in Brussels, Belgium in June 2010 to conduct government-to-government talks and engage in talks with industry on global IPR-related issues. The U.S. delegation is co-chaired by the U.S. Trade Representative's Office and the U.S. Department of Commerce's International Trade Administration. The EU delegation is chaired by the Directorate General for Trade. The Working Group coordinates in three main areas under the U.S.-EU IPR Action Strategy: engagement on IPR issues in third countries, customs cooperation, and public-private partnerships.

In 2010, the Working Group accomplished the following: coordinating efforts to resolve issues in third-countries, with a primary focus on China, Russia, Brazil, and India. The Working Group also continues to identify other significant markets where co-ordination between the U.S. and the EU would be beneficial. For example, a discussion was initiated at the June 2010 meeting on concerns raised by a decision of the Turkish Constitutional Court, adversely affecting numerous cases involving counterfeit goods. This discussion led to a joint U.S.-EU-Japan demarche, which appears to have succeeded in getting the attention of Turkish authorities, who had been ignoring the issue despite bilateral efforts by each of the individual Parties. The U.S. and the EU also continue to work cooperatively to advance common objectives within multilateral forums such as the OECD and the UN. In this area, the successful conclusion of the Anti-Counterfeiting Trade Agreement is a major achievement.

In the area of customs, the cooperation between U.S. and EU customs authorities has been noteworthy since the formation of the working group in 2005. Activities have included joint enforcement operations at both U.S. and EU ports and the development of Web toolkit guidelines. Also, U.S. and EU customs officials have developed a brochure titled "Protecting Intellectual Property at Our Borders," which provides information to rights holders on how to work with customs officials to obtain enforcement of intellectual property rights in both markets. Discussions are on-going for future joint operations between the two customs authorities.

In the area of public-private partnership, cooperation between the U.S. Department of Commerce and the European Commission's Directorates General for Enterprise and Industry has been particularly strong in 2010. The two agencies have jointly developed the Transatlantic IPR Resource Portal. The portal is the latest example of ongoing cooperative efforts to build the capacity of transatlantic businesses to protect and enforce their intellectual property rights when exporting to foreign markets. The goal of the portal is to help companies on both sides of the Atlantic fully utilize all the IPR-related resources and tools developed by both governments.