European Commission

UPDATE ON THE EU-US EXECUTIVE WORKING GROUP

EU STAKEHOLDER CONSULTATION

JULY 9, 2019 (BRUSSELS)

SYNOPSIS REPORT

On 25 July 2018, Presidents Trump and Juncker agreed on a Joint Statement outlining a positive trade agenda between the EU and the US and establishing an Executive Working Group (EWG) to consider, inter alia, regulatory initiatives to reduce unnecessary administrative obstacles and costs, while at least preserving the respective levels of protection of each side.

Regulatory divergence across jurisdictions can lead to inefficiencies and have a negative impact on international trade and investment flows. As our economies become increasingly integrated, goods and services cross borders multiple times requiring operators to adjust to the regulatory regimes of the various jurisdictions in which they operate, often involving duplicative audits or testing requirements. The economic importance of these adjustment costs may exceed the costs of customs tariffs. Certification and adaptation costs emanating from differences in standards can be as high as 10-15 % in certain industries. This is not only a cost for businesses but also for regulators who need to dedicate substantial resources to low-risk jurisdictions.

Closer and more effective transatlantic cooperation between regulators in the context of the Executive Working Group can deliver tangible outcomes that could have a favourable impact on utilisation of resources and result in cost savings for both public authorities and companies. EU-US voluntary regulatory co-operation has the potential to be particularly effective on topics when the interests of both sides coincide, and co-operation is based on respect of either side's regulatory frameworks, societal choices and institutional processes.

Since the establishment of the Executive Working Group, regulators have started to explore greater regulatory co-operation notably in the following areas;

(i) Conformity Assessment: a future horizontal EU-US agreement on conformity assessment can facilitate the acceptance of certificates issued by the conformity assessment bodies of the other Party;

(ii) Regulatory co-operation in identified priority sectors, such as pharmaceuticals, medical devices and cybersecurity;

(iii) Standards: closer cooperation between the EU and the U.S. to facilitate transatlantic trade and to leverage the power of the transatlantic market place when it comes to developing global standards in particular as regards new technologies. Examples of areas where cooperation on the development of new standards appears promising include industrial robots and additive manufacturing machines.

As part of its engagement for an inclusive trade policy, the Commission launched a call for proposals inviting stakeholders to contribute ideas for voluntary EU-US regulatory cooperation activities. The consultation was open for seven weeks and closed on 29 April. Stakeholders showed significant interest in reinforcing transatlantic cooperation and the Commission is currently assessing the inputs received. The Commission received 62 submissions, originating mostly from EU and US businesses, Chambers of Commerce and trade associations. Some stakeholders made joint EU-US submissions, notably in the automotive, chemical and pharmaceutical sectors and these could be particularly promising insofar objectives have been identified that are supported by industries on both sides. The Commission has also received valuable input from representatives of consumer organisations and other NGOs/non-profit organisations. These cover issues such as consumer protection, animal welfare, transparency and the protection of the environment.

A substantial number of submissions come from industries subject to conformity assessment such as engineering, machinery and equipment, medical devices and ICT. Several submissions on certification also address the question of the standards used, frequently recalling the complexity of reconciling systemic differences in EU and US standardisation approaches. Despite the systemic differences in the field of standards, standardisation bodies have submitted suggestions in respect of a number of topics where their stakeholders see potential for improved cooperation, notably in respect of transport (autonomous mobility), construction, new technologies (e.g. artificial intelligence, cyber security), manufacturing and in areas such as smart textiles and toy safety). A few submissions relate to the agri-food sector where there are already established channels for engagement with the United States.

Several submissions provide additional input on topics, which are currently being discussed in the context of the Executive Working Group, notably for pharmaceuticals, medical devices, and cyber security. Other submissions go beyond the scope of our current engagement with the US, covering topics such as data flows, investment protection, agriculture and food safety or security and defence. Those topics fall outside the scope of the current, more focused engagement with the United States under the Executive Working Group.

In line with Commission commitment for greater transparency policy making, and as announced in the Call for proposals, all proposals that the Commission received in the context of the stakeholder consultation are published heEre.

A stakeholder meeting will take place on 9 July, all respondents to the call for proposal and other interested stakeholders are invited for further engagement. Based on the feedback received and following our internal assessment we aim to propose enhanced and new tracks of regulatory co-operation under the framework of the Executive

Working Group. We will invite the United States to assess and agree on the best way to take forward initiatives for regulatory cooperation in areas of common interest.

The Commission will continue to organise meetings with stakeholders to provide updates on progress made in respect of the implementation of the Joint Statement of 25 July 2018 and will publish on a regular basis public reports outlining the progress made in respect of all different work streams initiated under the Executive Working Group.