

A New Transatlantic Agenda

Proposals for Transatlantic Cooperation under the Biden Administration and Beyond

8 June 2021

Summary

Transatlantic relations have been a significant pillar of economic recovery in Western Europe after the end of the Second World War and have become of utmost importance for economic, security, and societal reasons in all of Europe. In a period where our economies and societies are challenged by a pandemic that has incurred substantial costs of life, wellbeing, and prosperity, German industry sees opportunities of transatlantic joint action for improving the cooperation and competitiveness of our economies. Due to its importance for long-term prosperity for both partners, developing the transatlantic agenda further requires a comprehensive approach with clearly defined milestones on this journey.

Key proposals for vitalizing transatlantic relations

Short-term

- We call for a resolution of trade conflicts, the removal of trade irritants for companies on both sides of the Atlantic and the promotion of a World Trade Organization reform.
- We urge to abstain from any further tightening of Buy America(n) rules, as they would create additional imbalances regarding access to markets for public procurement at the disadvantage of EU bidders.
- The EU and the United States should swiftly align on climate policy objectives, on carbon pricing, and on strengthening the collaboration regarding hydrogen and energy efficiency.
- There is a compelling need for a reliable and solid legal basis for unhindered data transfer across the Atlantic to replace the invalidated EU-U.S. Privacy Shield. The United States and the EU should develop such a trustworthy agreement on an expedite basis.

Medium-term

- The EU and the United States should continue to deepen their existing trade and investment relations. Dismantling tariff and non-tariff barriers should be the goal. The European Commission obtained negotiating mandates in 2019 for agreements with the United States on industrial

goods and conformity assessments that are still in place. New trade barriers should at the same time be avoided.

- For ensuring the security of digital services and products, the EU and United States should jointly promote cryptographic methods without backdoors or master keys and adhere to the principles of responsible disclosure of vulnerabilities.
- In the domain of competition and regulatory policy, a common transatlantic approach needs to be found concerning digital companies with considerable market power. Any such approach must ensure a proper balance between enforcement interests and innovation.
- The EU and United States should seek to find uniform and compatible approaches to taxation rules, sustainable finance, and export credit finance.
- A stronger coordination on health policy between the United States, the EU, and Germany including the clarification of a common regulatory framework for transatlantic health data exchange would be beneficial for future pandemic events.
- The EU and United States should join forces to advance the development and convergence of global technical standards in high-tech fields such as biotechnology. The existing dialogue of national regulators, the U.S. Food and Drug Administration (FDA) and the European Medicines Agency (EMA), on the science and the development of regulatory standards should therefore be intensified and equipped with an ambitious proactive agenda and additional capacities and resources.
- The EU and the United States should conduct the manned return to the moon as a joint transatlantic endeavor, creating a strong foundation for the revival of transatlantic friendship and future space cooperation.
- We call upon the United States and the EU to engage in technological innovation for the decarbonization and digitalization of transportation. The development and ramp-up of new technologies in the transportation sector have the potential to change our mobility patterns, habits, and environmental footprint.

Strategic

- A continued and deepened transatlantic engagement between the EU and the United States on China is welcomed.
- With both the United States and the European Union being important geostrategic actors, they should expand and interlock their connectivity initiatives.
- The United States is Europe's most important security ally. European states must significantly increase their defense contributions. This includes increasing defense spending to two percent of GDP.

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Introduction

The transatlantic relations have been a solid pillar of the global economic, political, and security architecture during the Post World War Two period. These deep ties are reflected – among other things – in strong trade and investment relations with a trade volume of 931.4 billion U.S. dollars in 2020 and a trade volume of 1.4 trillion U.S. dollars in 2019.¹ Together, the United States and the European Union (EU) accounted for almost 59 percent of outward global foreign direct investment stock in 2019.² In times of crisis and structural changes it has become increasingly apparent that both the EU and the United States need to reassume leadership in many policy areas – be it trade, climate, health, security, and many others that will be addressed in this paper. Many challenges that the global society is faced with can only be addressed successfully if the transatlantic partners act in concert. Therefore, both partners will have to address challenges in their bilateral relationship as well as in their cooperation on a multilateral level. With the Biden Administration now in place in the United States, we see an increased willingness on both sides of the Atlantic to tackle bilateral and global challenges together.

The EU has already made various proposals to the United States in its joint communication to the European Parliament, the European Council and the Council, “A New EU-US Agenda for Global Change”, in December 2020.³ German industry is now also making recommendations to facilitate a transatlantic rapprochement. We have identified the following fields of action. Some of these proposals could become part of the discussions taking place at eye level on establishing a “Transatlantic Trade and Technology Council”, which the EU has proposed in its joint communication.

Trade and Investment

Removing the tariffs in the Airbus-Boeing dispute

In March 2021, the United States and the European Union agreed on a four-month suspension of the additional tariffs on numerous goods in connection with the trade dispute on subsidies in the aircraft sector, lasting until 11 July 2021. The legal basis for these tariffs is a dispute settlement ruling from the World Trade Organization (WTO) concerning the airplane manufacturers Airbus and Boeing. Although these tariffs are in compliance with WTO rules, they are a burden to consumers and producers on both sides of the Atlantic. Therefore, German industry advocates for a solution via negotiations as soon as possible. As a result of such an understanding, all retaliatory tariffs in the aviation sector should be removed.

Furthermore, the EU and the United States should agree on working together, under the auspices of the WTO, to promote a plurilateral agreement on future restrictions on state subsidies. The United States should also lift its blockade of the Appellate Body of the WTO’s dispute settlement mechanism. WTO members should agree on a reform to strengthen the dispute settlement mechanism as soon as possible (see also section “Jointly promoting WTO reform”).

¹ Bureau of Economic Analysis, *International Trade in Goods and Services*, <<https://www.bea.gov/data/intl-trade-investment/international-trade-goods-and-services>> (accessed 18 March 2021).

² UNCTADStat, *Data Center*, <<https://unctadstat.unctad.org/wds/TableViewer/tableView.aspx?ReportId=96740>> (accessed 18 March 2021).

³ European Commission, *Joint Communication to the European Parliament, the European Council and the Council. A New EU-US Agenda for Global Change*, 2 December 2020, <https://ec.europa.eu/info/sites/info/files/joint-communication-eu-us-agenda_en.pdf> (accessed 18 March 2021).

In order to prevent future conflicts over support in the aviation sector, the transatlantic partners should agree on a transatlantic mechanism which promotes the exchange of information and cooperation, for example through regular dialogue formats.

Removing the U.S. steel and aluminum tariffs as well as the EU rebalancing measures

The United States imposed tariffs on steel and aluminum imports (25 percent and 10 percent, respectively) in 2018 due to alleged national security concerns. The legal basis for these tariffs is section 232 of the Trade Expansion Act of 1962, which after an assessment conducted by the U.S. Department of Commerce (DOC) allows the United States Government to restrict imports that pose a threat to national security. While some countries negotiated exemptions from these tariffs or lower tariffs in return for quotas, the EU decided to respond with rebalancing measures and initiated a WTO dispute settlement procedure. On June 1, 2021, the EU rebalancing measures were set to expand automatically, as was agreed upon in 2018 when the rebalancing measures were imposed, unless the United States removes its tariffs or the WTO comes to a dispute settlement decision. However, the EU and the United States published a joint statement on 17 May 2021 announcing that “[t]hey committed to engaging in these discussions expeditiously to find solutions before the end of the year that will demonstrate how the U.S. and EU can address excess capacity, ensure the long-term viability of our steel and aluminum industries, and strengthen our democratic alliance.”⁴ The EU furthermore announced that it would temporarily refrain from increasing its rebalancing measures until 30 November 2021. The U.S. tariffs remain fully in place.

The U.S. tariffs and the EU’s retaliatory tariffs damage transatlantic relations and incur costs on both sides of the Atlantic. The EU and Germany do not pose a threat to U.S. national security. Therefore, German industry advocates for an immediate and unconditional suspension of the U.S. tariffs on steel and aluminum. This, in turn, would allow the EU to also remove its rebalancing measures.

Distortions of the global steel and aluminum markets can only be solved with a strong political commitment on an international level. The Global Steel Forum on Excess Capacity should therefore be revived and filled with life.

Removing all tariffs on industrial goods in transatlantic trade

BDI advocates for the elimination of all industrial goods tariffs. The European Commission’s negotiating mandate for an agreement with the United States on industrial goods is still in place. A transatlantic agreement on industrial goods should meet WTO standards and thus liberalize “substantially all trade.” In general terms BDI supports the goal of the EU to conclude comprehensive trade agreements, which also include non-tariff barriers. This fundamental objective should not be called into question when negotiating a limited industrial goods agreement with the United States. Yet, we simultaneously acknowledge that a resumption of the comprehensive TTIP agenda is unlikely to commence in the current political environment. The EU and the United States could take a sequential approach to trade negotiations, starting with tariffs on industrial goods and related non-tariff barriers and – after successful negotiations – progressively expanding negotiations to other areas such as agriculture, public procurement, services, and investment.

⁴ European Commission, *Joint European Union-United States Statement on addressing global steel and aluminum capacity*, 17 May 2021, <https://ec.europa.eu/commission/presscorner/detail/en/STATEMENT_21_2525> (accessed 21 May 2021).

Creating the right preconditions and completing agreements on mutual recognition of conformity assessments

The transatlantic relationship demands not only the elimination of tariffs but also the harmonization of technical standards at first hand. The EU Commission obtained a mandate in 2019 to negotiate with the United States about conformity assessments. Any mutual recognition of standards may follow preceding harmonization processes. Mandatory testing and certification of each and every machine or equipment which will be installed on shopfloor level must be conducted by a nationally recognized testing laboratory, called NRTL. One of these NRTLs is Underwriters Laboratory, UL. This NRTL has developed a de-facto monopoly in the certification market, because it only accepts certificates coming from his own subsidiaries.

Market access in the United States is heavily aggravated by three obstacles: one is different technical standards, second is mandatory testing and certification. Third are the monopolistic structures of NRTLs. Provided the technical standards were fully harmonized in advance, the recognition of conformity assessments from the other market region is possible. Moreover, the mutual recognition of the test and inspection results (certificates) within the U.S. market requires the introduction of uniform test-markings. The U.S. conformity assessment agencies (NRTLs) should be obliged to accept the certificates based on these markings in order to break up monopoly-like positions. SMEs would benefit in particular, for whom the various requirements pose a huge barrier.

The workflow for harmonizing technical standards is given through the international standardization bodies, such as the International Organization for Standardisation (ISO) and the International Electrotechnical Commission (IEC).

The BDI firmly believes that the aim of regulatory cooperation should not be to lower standards but to simplify procedures while maintaining a high level of protection. In addition, the EU and the United States should seek possible forms of cooperation in the development of standards for cutting-edge digital technologies, such as autonomous driving, industrial IoT, Industry 4.0, AI, and quantum computing. They should furthermore seek sensible approaches for allowing the recognition of alternative standards in the context of recognition of equivalence between U.S. and EU standards.

Better cooperation in the area of export controls

The United States and the EU should improve their cooperation in the area of technology controls. The EU's proposal for a new transatlantic agenda specifically calls for closer cooperation on export controls. Such a cooperation would be welcome, provided it leads to a greater degree of harmonization, legal certainty, and a decrease in the overall administrative compliance burden. The last four years have been characterized by a string of stricter U.S. regulations, which have also clearly identified China as a problematic partner due to their policy of civil-military fusion. However, U.S. coercive action alone will not be the key to the challenges China presents when it comes to technology controls. Due to economic operators' exposure in China and the revenue necessary to conduct research and development (R&D), a larger strategy should be put into place that goes beyond mere controls. Instead, a comprehensive strategy should provide market opportunities that balance economic implications of increased trade controls.

Creating European resilience while strengthening strategic interdependence

Extraterritorial measures economically regulate trade without political accountability. German industry insists that rules-based multilateral regimes are irreplaceable when it comes to shaping globalization

fairly and legitimately. In recent years, U.S. secondary financial sanctions as well as unilateral export control and trade restrictions have created substantial difficulties for EU companies. Likewise, China has issued several laws that also have the potential to be used against European businesses outside of China. Therefore, Europe should strengthen its resilience against extraterritorial practices. Achieving this will require Europeans to formulate a strategy of strategic interdependence that creates incentives, disincentives, and pursues structural changes in areas that the EU currently finds itself at a disadvantage. Specifically, strategic interdependence could be achieved by increasing the Common Market attractiveness for economic operators from outside the EU. This would intensify economic ties. Considering that the EU is already in the process of creating an anti-coercion instrument, German industry advocates for such an instrument to be clearly tailored to Europe's needs as an open partner to the world, as well as to its geo-economic interests. Hence, an anti-coercion instrument should be deployed only to proportionally reciprocate extraterritorial damages. The European Commission has also announced work on additional policy options to deter and counteract the unlawful extra-territorial application of unilateral sanctions by non-EU countries, including possibly by amending Regulation (EC) No 2271 /96, the 'Blocking Statute'. More clarity is needed on the interoperability of current and future EU instruments and their efficacy in strengthening European resilience. A reform of the Blocking Statute should provide a tangible level of protection for EU companies. In particular, it must ensure that economic operators no longer find themselves between a rock and a hard place when faced with conflicting requirements from different jurisdictions. Lastly, members of the Eurozone should strengthen the international role of the Euro. This last process is paired with many difficulties due to the Eurozone's unique set of characteristics. However, completing the banking and capital markets unions as well as pursuing policies that promote and increase the global use of the Euro will generate long term stability and benefits.

Investment promotion through lean investment screening procedures

Both the United States and Europe are, generally speaking, very open to foreign investment. However, in both economic areas there are legal instruments to prevent threats to public security and order through state reviews of foreign investments (investment screening). Neither in the United States nor in European countries are investments by the other partner at the center of the investigations. Economic ties are close, political trust is comparatively high, and – as NATO allies – they are well aware of each other's security concerns. Therefore, opportunities should be sought to limit the burden on investors created by the foreign investment screening process. Governments should regularly exchange views on how to deal with direct investment. In the long term, investment screening issues could also be regulated in an investment agreement.

Exceptions for investment screenings in cross-border structured investments

Multinational companies are often structured across various national borders rather than just one sole barrier. For instance, it may occur that a German company prompts its subsidiary in the United States to acquire a company in Europe. In that moment, such a takeover – as a stake in a European company by a U.S. investor – might have to go through government investment screenings in Europe. These procedures are time consuming and costly. However, it is clear that such takeovers do not pose a threat to public security and order, since the ultimate beneficial owner is a company in its own country. Efforts should be made to ensure that in such cases of transatlantic structured investments, investment screenings are mutually dispensed with.

Conclusion of a Bilateral Investment Treaty (BIT)

The EU and the United States are mutually important sources of foreign direct investment (FDI). FDI creates many jobs in the transatlantic relationship. These investment relationships need to be further strengthened. An internationally proven option is to conclude bilateral investment treaties (BITs). They mutually guarantee investors protection against unjustified expropriation, discrimination, and unfair treatment as well as the free transfer of capital. In the event of a conflict between a state and an investor from the other state, the investor can usually appeal to an independent court; in the case of the more recent EU investment agreements, these are investment courts with arbitrators appointed by the states (Investment Court System, ICS). The agreement of a transatlantic BIT between the EU and the United States would send a strong signal to stimulate transatlantic economic relations.

Jointly promoting WTO reform

Successful reform and activation of the dispute settlement mechanism

The top priority for the new WTO Director-General is an effective reform and reinstatement of the Appellate Body and thus, the dispute settlement mechanism. The United States and the EU can partner in improving the effectiveness of and expanding transparency and public access to the WTO dispute settlement proceedings. Addressing the U.S. criticism of the Appellate Body requires active communication and cooperation between the United States and the EU to break the current impasse. German industry supports immediate procedural changes in an effort to address U.S. concerns, such as transitional rules for outgoing Appellate Body members, a 90-day deadline for proceedings, and the issue of precedent. As expressed in the recent EU Trade Strategy, Appellate Body members should not be bound by precedent but instead should consider previous rulings that may be relevant to current disputes. If this results in resolving the current stalemate, then the WTO can move on to more substantial reforms including the scope of rulings, the meeting of deadlines in a timely manner, and the facilitation of resources necessary for the secretariat to be able to support dispute settlement proceedings. The goal is the replacement of the current interim solution, the multi-party interim appeal arrangement, with a functional system that produces more effective and more timely proceedings. This is in the interests of both the United States and Germany and the EU.

Progress in the Joint Statement Initiatives, especially towards a comprehensive e-commerce agreement

In a political climate in which multilateral consensus on more sensitive subjects is very difficult to come by, German industry embraces the plurilateral approach of several WTO so-called Joint Statement Initiatives (JSI) and calls on the United States and the EU to support their progression. With the JSI on e-commerce possessing the highest priority, a consolidated text should be aimed for by the 12th Ministerial Conference in December 2021 (MC12). Therefore, realistic and tangible goals must be set in advance of the MC12, with a text on the table on e-commerce indicating the WTO's readiness to adapt to a digital economy. Furthermore, Germany and the United States should jointly work towards the timely renewal of the multilateral moratorium on customs duties on electronic transactions.

Initiatives towards the establishment of an effective level playing field and competition rules

Plurilateral cooperation may be the first avenue to tackle issues of competitive distortions within the WTO Membership caused by, among others, inadequately regulated industrial subsidies and state-owned enterprises. To align respective positions and actions in those areas among the transatlantic partners is a precondition for plurilateral and multilateral progress. German industry welcomes the work

accomplished by the Trilateral Initiative of the EU, the United States, and Japan, and simultaneously urges the Initiative to continue with more in-depth proposals for rulemaking to better tackle competitive distortions. The G7 summit in June 2021 offers a possible opportunity to intensify this collaboration. This constellation provides leeway for comprehensive reforms of the Agreement on Subsidies and Countervailing Measures (SCM Agreement). These may include, yet are not limited to the introduction of new types of prohibited and dangerous subsidies to the rulebook, a more precise definition of the public body, parallel investigations of anti-dumping and countervailing measures, as well as the reversal of the burden of proof obligation. German industry supports additional stringent disciplines for notifying subsidies at the WTO along with a more effective enforcement mechanism. This applies not only to subsidies, but to general transparency and compliance with notification rules, which have long been problematic within the WTO. This process can be strengthened through more effective support programs, processes, and incentives, including reporting on non-compliance and sanctions. The WTO secretariat should be strengthened to assist in the monitoring and enforcement of rules. In this respective area, the EU and the United States can build on their respective joint proposals that have already been submitted.

Fundamentals for a successful 12th Ministerial Conference

The MC12 not only presents an opportunity to showcase the new Director-General, but also to clearly demonstrate the WTO's capabilities to adapt to the realities of 21st century multilateral trade. To respond sufficiently to the rapidly changing global economy, Members should focus on structural reform and finding a means of achieving results, even if they are incremental, between Ministerial Conferences. The United States and the EU can collaborate on several key deliverables for MC12. It is crucial that multilateral negotiations on fisheries subsidies are finally concluded at MC12. The MC12 also provides the opportunity to deliver on a detail-oriented reform agenda concerning both the aforementioned dispute settlement predicament as well as the overall reform needed within the rulemaking, transparency, and enforcement pillars.

Simplification of customs procedures

Companies in the EU and the United States have deep economic ties with each other. They trade goods and services of around 2.6 billion U.S. dollars daily.⁵ Still, customs procedures incur high costs to both companies and consumers. A streamlined effort to facilitate trade and to further increase customs cooperation would thus greatly benefit businesses, especially small and medium-sized enterprises (SMEs), on both sides of the Atlantic. While BDI welcomes that the EU and the United States mutually recognized their respective *Authorized Economic Operators* schemes, further trade and customs facilitation could be achieved by:

- streamlining and simplifying customs processes at the EU and U.S. borders, for example by using similar customs forms and by digitalizing processes,
- increasing transparency of customs procedures, for example by making information necessary to fulfill customs requirements easily accessible online,
- expanding cooperation between European and U.S. customs authorities,

⁵ Bureau of Economic Analysis, *International Trade in Goods and Services*, <<https://www.bea.gov/data/intl-trade-investment/international-trade-goods-and-services>> (accessed 18 March.2021).

- alignment in implementation of the trade facilitation agreement.

Promote a better understanding of the dynamics in transatlantic supply chains and strengthen value-added networks

The international cooperation and collaboration have contributed to the structural interdependence of the global economy. Small to medium-sized German family businesses as well as large, listed corporations are successfully engaged in trade and investment in global value chains. The United States is one of the most important partners in these value-added networks which contribute to innovation, investment, attractive solutions, and jobs. Politicians in the United States and the EU should increasingly direct their attention towards transatlantic networks and ecosystems and not just towards single companies. Amplifying the visibility of successful cooperation between companies on both sides of the Atlantic needs to be defined as a common goal. They should furthermore trust companies' decisions on the global market and limit the government's role to creating favorable conditions such as a well-functioning EU Internal Market and the conclusion of Free Trade Agreements with third countries that open-up markets of third countries or regions.

Coordinate action dealing with state-owned enterprises (SOEs) and subsidies

The strong and possibly dominant market position of state-owned enterprises (SOEs) and the handling of state subsidies may, under certain circumstances, constitute significant interventions in the functioning of market economies. Although both issues are relevant for interactions with other countries, they are of particular importance when dealing with China. In the pursuit of establishing an overall approach to these issues, three paths should be taken into consideration:

1. **Multilateral solutions** within many international fora such as the G20, in which China is also a member and therefore can block any joint statements and advancement on any topic, as well as the G7, where China is not a member. The United States and the EU should consistently work on a clear positioning of multinational organizations on these challenges and also encourage closer collaboration and further engagement on these matters.
2. **Unilateral measures** by the United States and the EU, respectively. Examples from Europe include the establishment of defensive instruments in competition policy such as the International Procurement Instrument (IPI) or an instrument to increase controls of foreign subsidies which may encompass distortive effects for the Single Market as proposed in the white paper by the European Commission in 2020.
3. **Identify overlapping interests** with like-minded partners, such as Japan or Australia for example, and remain in constant dialogue about these issues with them. Existing formats such as the Trilateral Initiative are encouraged, while simultaneously the creation of new forms of collaboration should be pursued.

Energy and Climate

Drive decisive global action for implementing the Paris Agreement and a successful COP 26

Renewed and reinforced international cooperation will be the key in preventing an increase in the global temperature as well as in strengthening industries' global competitive edge, especially in light of the EU's eight percent and decreasing share of global emissions. German industry welcomes the recent developments regarding global climate policies, notably the United States re-joining the Paris Agreement as well as the latest long-term climate commitments made by Europe's trading partners,

including the United States, the United Kingdom, China, Japan, South Korea, and Russia. We also welcome new innovative approaches for public-private cooperation in this area such as the recently launched Lowering Emissions by Accelerating Forest finance (LEAF) coalition. It will be particularly crucial that such long-term climate commitments are underpinned by similar short-term policy actions for 2030, as Europe envisages to implement them. The renewed transatlantic partnership is an opportunity to promote decisive and collective long- and short-term global climate action alongside globally cost-efficient investments in emission reducing technologies. The striking gaps of nationally determined contributions must be closed and an effective and efficient instrument under Article 6 of the Paris Agreement should be created.

Develop a carbon pricing roadmap within the G20

The concept of carbon pricing has been introduced within the EU. In various other countries such as the United States and Canada it has been introduced at regional level. To drive cost-efficient investments in climate-saving technologies all around the world, provide investment certainty to investors, reduce carbon leakage risks, and avoid trade disputes, the global community needs to work harder and converge carbon prices. As a first step the EU and the United States should jointly promote a common price for 2030 at least at G20 level. U.S. Treasury Secretary Janet Yellen's approach for a global minimum corporate tax is a step in the right direction and should be extended to carbon pricing. Collaboration of the EU and the United States accompanied by other G20 member states can be a strong catalyzer in this respect. G20 and COP26 should prioritize these actions. This should prevent the establishment of trade distorting measures like subsidies or new trade barriers such as a carbon border adjustment mechanism (CBAM).

Decarbonizing the global economy with common but differentiated responsibilities of countries while retaining competitiveness at home and abroad poses a transformational challenge. In conjunction with stronger climate protection as stipulated in the European Green Deal, the EU is currently discussing a possible introduction of a CBAM. The Biden Administration states in its Trade Policy Agenda 2021 that it will consider a CBAM.⁶ The European Commission has announced to table a respective legislative proposal in July 2021. However, this tight schedule would possibly prevent extensive prior discussions about this tool with the current U.S. administration. Closer international cooperation with respect to potential CBAMs is needed to avoid new transatlantic irritants and dangerous countermeasures. An ambitious climate policy and connected mechanisms must not lead to irritations in the area of global trade. Therefore, an introduction of policy measures including CBAMs must be well considered and carefully designed in a transparent manner. The EU and the United States should develop a common understanding of how ambitious climate protection, competitiveness, and free trade can smoothly interact. A carbon club could play a role in this context if the membership of such a club is large enough and ambition levels are sufficiently comparable. CBAMs or related measures can only be measures of last resort in very specific sectors. There are better ways to fight climate change, such as working together 1) for comparable and binding climate goals – short and long-term –, 2) for an economic level playing field through a common carbon price, and 3) by building a market for climate-neutral energy carriers such as climate neutrally produced hydrogen.

⁶ United States Trade Representative, *2021 Trade Policy Agenda and 2020 Annual Report*, p. 3, March 2021, <<https://ustr.gov/sites/default/files/files/reports/2021/2021%20Trade%20Agenda/Online%20PDF%202021%20Trade%20Policy%20Agenda%20and%202020%20Annual%20Report.pdf>> (accessed 19 April 2021).

Deepen international cooperation on hydrogen for a climate neutral economy and for the defossilization of carbon-intensive sectors

Hydrogen will in our view play an essential role in enabling climate neutrality. An increasing number of governments have decided to instate their own national hydrogen strategies and the EU Hydrogen Strategy aims at installing at least 6GW of renewable hydrogen electrolyzers in the EU by 2024 and at least 40 GW by 2030. Consequently, it is also being discussed which trade relations and international partnerships can foster the scaling of the hydrogen economy. The EU and the United States should work together to promote the global role and trade of hydrogen, its derivatives, and climate-neutral gases.

Establish a permanent common platform to exchange experiences on energy efficiency

Energy efficiency is a key topic (or sleeping giant) in successfully reaching the goal of climate neutrality by 2050. Countries have various experiences with different efficiency strategies. Intelligent tools such as, for example, the energy efficiency networks of companies are being developed and could be presented in a regular exchange. Sharing experiences among huge economic powers such as the EU and the United States will fuel common progress in energy efficiency and help to open markets for efficiency technologies on both sides of the Atlantic.

Digitalization and Data Flows

Develop a trustworthy and solid follow-up agreement to the Privacy Shield between the EU and the United States as quickly as possible and bring it into force in order to guarantee a sustainable, fluid, and legally secure flow of data

As the internet has broken down geographical barriers, data flows across borders have significantly increased economic growth and enriched people's lives. A rapid and effective successor agreement to the Privacy Shield is urgently needed to enable a trustworthy and legally secure data exchange between both continents. The United States is an important investment location and export market for Europe as well as a provider of innovative and efficient global IT services. For this reason, a consistent follow-up agreement to guarantee a smooth data flow between the EU and the United States is important for all companies on both sides of the Atlantic.

In order to reach a sustainable continuation of data flows that creates legal certainty, such an agreement must sufficiently address the shortcomings identified by the Schrems II Court of Justice judgment. The United States and the EU should make a serious effort to find a sustainable solution that meets the requirements of the Court of Justice.

Promotion of cryptographic methods without backdoors and master keys

Encryption is crucial in helping people exercise certain human rights, such as the right to privacy and freedom of expression. When communicating in the digital realm among friends or sending sensitive business know-how among companies, cryptographic methods (e.g. end-to-end cryptography) strengthen trust in digital communication tools such as e-mails and messenger services. To protect citizens and companies from cybercrime and to prevent industrial espionage by third countries, the U.S. administration and the EU should massively support the broad deployment of encryption and cyber security solutions as well as leverage the development and utilization of cryptographic methods. To ensure that such cryptographic methods fulfil the expected aim, governments on both sides of the

Atlantic must refrain from weakening encryption by requiring providers of online communication tools to provide intelligence agencies or other public entities with backdoors or “master keys”. Their mere existence would significantly weaken the protective effect of cryptography as cybercriminals could exploit backdoors or might even get hold of “master keys”. In addition, the U.S. administration and governments in the EU should increasingly promote the development of post-quantum cryptography procedures to accommodate future requirements for secure communication.

Governments on both sides of the Atlantic must commit to informing companies about vulnerabilities in ICT products and solutions in accordance with the responsible disclosure principle and not to exploit them for intelligence procedures

Governments should turn over security vulnerabilities known to them promptly when found. Governments should deploy transparent processes for vulnerability handling, reporting, and disclosure that are subject to meaningful oversight. Only when vulnerabilities can be fixed and patched timely, cybercriminals cannot exploit them to the detriment of the secure and uninterrupted functioning of critical infrastructures, as well as the resilience of the Internet of Things. If government authorities hold back such highly relevant information in order to potentially exploit them for intelligence operations, they play into the hands of cybercriminals or malicious third parties and thereby act against their own citizens and companies. Importantly, until the vulnerabilities are closed, they must not be made public. Only if a producer refuses to close the vulnerability within a reasonable timeframe, public disclosure should be possible. The EU governments and the U.S. administration should establish a mechanism to exchange information on such vulnerabilities and to inform respective producers and providers.

Promote responsible state behavior in cyberspace in international fora

Over the past years, the international community has developed voluntary baseline principles on responsible behavior by countries in cyberspace within the “The United Nations Group of Governmental Experts (GGE) on Advancing responsible State behaviour in cyberspace in the context of international security”. In light of the increasing connectedness of our societies – including critical infrastructures, companies, and government agencies –, a successful cyberattack has massive repercussions for societies, businesses, and public actors. Therefore, in the United Nations as well as in the G7 and G20 context, the U.S. administration and governments in the EU should work towards more binding, internationally accepted, and applied rules for state action in cyberspace. Importantly, military and intelligence activities as well as civilian measures by other government agencies in cyberspace must not have negative repercussions on global trade. Moreover, it is of paramount importance that before countries opt for any retaliatory cyber-measure, there must be a clear attribution of the initial attacker and an assessment of the proportionality of a counterattack.

Strengthening collaboration in defining international ethical standards for AI

AI has enormous potential for society. Many applications of AI will have a highly positive impact. Europe and the United States should work together, not against each other, to shape the future of AI. A strong transatlantic partnership is particularly important in terms of protecting shared ethical values. Europe and the United States should agree on minimum ethical standards for the development and application of AI solutions and thus largely harmonize the regulation of artificial intelligence. The results should influence standardization activities on AI in international standardization organizations.

Health

Developing a common understanding on the need to reform the WHO

The United States is the largest contributor to the World Health Organization (WHO). Last year, 400 million U.S. dollars flowed into the international organization. Through joint efforts by the EU and the United States (Germany is also a major contributor), the WHO's role could be strengthened, and hence common needs better addressed. The coronavirus pandemic has clearly demonstrated that the WHO is in need of substantial reform. The WHO should become stronger in its coordinating role as well as in their coordination of information when novel infections occur. This makes it even more important to involve all stakeholder. For this purpose, public-private partnership (PPP) structures in particular should be developed in order to transparently integrate the potential of the private sector.

Stronger coordination of a U.S.-German foreign health policy

During the pandemic, it became apparent that some countries were making health an object of their foreign policy. Especially in view of the systemic competition with China, Germany and the United States should exchange common ideas to be able to offer an alternative approach. This also includes the issue of trade barriers, which were put into place by almost all countries to prevent medical products from leaving the respective political space. In the end, these measures had little effect and caused great health, political, and economic turmoil. To avoid such situations in the future, common regulations should be established. The Ottawa Agreement, which concludes that trade of nutrition and health care products in pandemic times should not suffer restrictions such as customs duties or export control measures, is open to be agreed on by further parties. An extension to a U.S. membership would be a huge step forward and should be promoted by the EU. Thereafter, the United States and EU should jointly promote it also in international fora and extend it to any times of crisis such as conflict or natural disaster.

Clarify common regulatory framework requirements for EU-U.S. health data exchange

The regulations on data exchange between the EU and the United States must be renegotiated due to a ruling by the European Court of Justice (Schrems II, see also the section on Privacy Shield in the chapter "Digitalization and Data Flows"). The exchange of data is essential, particularly in order to combat diseases using the potential of digital health. A joint exchange on the requirements and key points would therefore be desirable for the new regulation of the exchange of data.

Establishment and expansion of transatlantic cooperation structures for innovations in (digital) health technologies

On both sides of the Atlantic, there are highly innovative companies in the healthcare sector that are facing a digital transformation. The development of AI-based solutions in healthcare brings major opportunities for patients, healthcare systems, and industry. Therefore, formats of exchange, including scientific institutions, would be beneficial in order to generate innovation gains on both sides. In this context, public promotional programs should be established. German industry thus encourages transatlantic cooperation on digital health with a focus on new health technologies, which could also take place in the context of the proposed EU-U.S. Trade and Technology Council. The EU and the United States should remain world leaders in regulatory science by setting a precedent on the use of regulatory technological innovations (i.e. cloud-based submissions, advanced analytics) to harness the power of these new technologies.

Stronger regulatory cooperation between European Medicines Agency (EMA) and the U.S. Food and Drug Administration (FDA)

Innovation and long-term investments in R&D on both sides of the Atlantic have made the EU and the United States global leaders in the life sciences industry. Increased regulatory cooperation between the EMA and the FDA can help create efficiencies and speed patient access to new medicines. This should include:

- the expansion of the EU-U.S. mutual recognition agreement (MRA) on Good Manufacturing Practice inspections, which has been operational since July 2019, to include cell and gene therapies, vaccines, and third-country inspections. This would remove the need for duplicative inspections;
- the creation of an MRA in the area of Good Clinical Practice (GCP) inspections. Clinical research is global, and differences in standards or interpretations of GCP create unnecessary burdens. Duplicate inspections expend resources for regulators and industry alike and furthermore increase the risk of error and confusion;
- developing a mutual reliance on required regulatory assessments of pediatric medicines development plans to support faster pediatric medicines development and reduce testing on children;
- furthermore, we encourage the EMA and the FDA to explore possibilities for the mutual recognition of licenses and clinical studies.

Join forces on the biotech revolution to benefit patients, societies, and the economy

The Bio Revolution is the combination of ground-breaking developments in biology (e.g., Clustered Regularly Interspaced Short Palindromic Repeats, CRISPR) and digital technologies (e.g., AI) to tackle global challenges from pandemics to climate change. The Bio Revolution's innovations will open up new opportunities, from treating to curing diseases: It is estimated that around 45 percent of the world's diseases could be addressed by bio innovations. Bio innovations are enabling the rapid introduction of clinical trials of vaccines, the search for effective therapies, and a deep investigation of both the origins and the transmission patterns of viruses. In health, examples of such new science are the mRNA used for COVID-19 vaccines, CAR-T cell therapies, or other cell and gene therapies. In view of the rapid biotech breakthroughs, the United States and Europe should race to develop a common approach towards these game-changing technologies, ensure transatlantic collaboration, and set standards.

These new scientific advances require a deep understanding from national regulators and appropriate, agile, and risk-based regulatory frameworks for development and approval (see also previous section on regulatory cooperation between EMA and FDA). The U.S. FDA and the EMA already exchange on topics such as cell and gene therapies. The Advanced Therapy Medicinal Product Cluster is one such forum. It should be equipped with an ambitious pro-active agenda and additional capacities and resources to increase its impact. Furthermore, the number of cell and gene therapies currently being developed has dramatically increased: 40 to 60 launches of cell and gene therapy products are expected by 2030.⁷ The FDA has recognized the need for additional resources to regulate these

⁷ Mit Nedwigs, *Projections from the existing pipeline of cell and gene therapies: Launches and patient numbers*, 2018, <<https://newdigs.mit.edu/sites/default/files/FoCUS%20Research%20Brief%202018F210v027.pdf>> (accessed 30 April 2021).

products. Likewise, the EMA and EU member states' regulators should ensure that they have sufficient resources and expertise in this area and should collaborate internationally for the benefit of patients, societies, and the economy.

Apart from a science dialogue, the joint work should aim at:

- joint technical standards setting for regulatory processes;
- further developing global standards at the International Conference on Harmonization of technical standards as the most important plurilateral forum for technical standards in pharma and biotech;
- considering options and perspectives for building up joint transatlantic databases and registries on cell and gene material in the future as well as databases and registries on bioinformation, for research and development with ambitious standards. A precondition is that the adequate data protection framework is in place; and
- piloting an international collaboration between regulators on the evaluation of cell and gene therapy marketing applications to help build knowledge, manage capacity, and promote convergence (approaches such as Project Orbis, the "OPEN" initiative by the EMA for COVID vaccines and therapeutics, and ACCSS have demonstrated the value of this working model).

China

Systemic competition and engagement with China as a cross-cutting issue in the transatlantic agenda

BDI generally sees economic partnership and systemic competition with China as not mutually exclusive. In order to safeguard continued economic engagement with China, addressing the systemic challenge effectively is crucial. China's party-state controlled system currently converges neither politically nor economically with the principles and values of liberal market economies such as the EU and the United States. On the contrary, it challenges them ever more clearly. State-induced market distortions are increasingly impacting global markets. Moreover, China is increasingly shaping other markets, international institutions, and global economic, technological, and political norms according to its own interests and values. The systemic competition with China's party-state hybrid economy touches on many different policy areas. Most significant areas for U.S.-European collaboration should be investment screening, export controls, standardization, as well as dealing with subsidies and state-owned enterprises (SOEs) and forced technology transfer. In order to effectively coordinate the many China-related policies it is important that the EU and the United States come to a joint understanding of the fundamental challenge at hand. Establishing systemic competition with China as a major cross-cutting theme of transatlantic cooperation will help defining concrete areas of cooperation where a joint strategic approach is meaningful.

Continue and expand the EU-U.S. Dialogue on China

The dialogue on China must be at the top of the transatlantic agenda – for all high-ranking political meetings, especially for any talks between the President of the United States and the President of the European Commission. BDI very much welcomes that U.S. Secretary of State Antony Blinken and EU High Representative / Vice President Josep Borrell agreed to revive the "EU-U.S. Dialogue on China"

on 24 March 2021. This dialogue mechanism should be expanded and both parties should convene on a regular basis. Working groups could be established to support the messaging of the dialogue and work on specific topics year-round. An accompanying track for consultations with business through BusinessEurope and a U.S. counterpart such as the U.S. Chamber of Commerce should be included in the dialogue's structure.

Finance and Taxation

Development of a common understanding for the definition of sustainable finance, taxonomy

Developing a common definition on what can be considered as sustainable is a challenging task. The European Union is currently working on such a classification system (EU Taxonomy), which will try to deliver support to financial and non-financial companies by defining what qualifies as green and what does not. At the same time the European Commission is reaching out to other countries to establish a common definition of sustainability. For this purpose, the International Platform of Sustainable Finance was established. Unfortunately, the United States is still not a part of this group. Yet, it would be of utmost importance to include them as well. The development of different understandings of the term sustainability must be avoided.

Adhere to a global or OECD-wide solution for uniform taxation rules for international corporate profits in order to avoid double taxation of companies and downstream tax and trade conflicts

BDI continues to advocate for an international, consensus-based solution for the tax challenges resulting from the digitalization of the economy. They can best be addressed by a comprehensive and globally coordinated approach at the OECD/G20 level. With the change in the U.S. administration, the chances of forging a political agreement on a global tax reform have substantially increased. Most recently, the G7 finance ministers have set the course for an international agreement at OECD/G20 level in July 2021.

In this light, the G20 finance ministers need to do their utmost to ensure that a consensus can be reached by mid-2021. German industry welcomes the commitment of the Biden administration to the multilateral process for reaching compromise on the OECD project. BDI supports the United States' most recent attempt to simplify the administrative and compliance burden by reducing the scope of Amount A to the most profitable and largest groups of all sectors.

BDI calls for a uniform global tax system for corporate profits that takes into account the challenges of digitalization. Any reform of the international taxation framework must provide lasting legal certainty, and any further fragmentation of the international tax system as well as double taxation risks must be avoided.

Refrain from introducing unilateral taxation regimes such as a national digital tax or a digital levy at EU level

While it is important that the OECD/G20 Inclusive Framework on BEPS continues to work on achieving a global consensus, it must be ensured that jurisdictions do not increasingly take unilateral measures in terms of digital taxation. From our point of view any national solution to the perceived tax challenges arising from the digitalization of the economy – such as digital taxes in individual jurisdictions or confederation of states such as the EU – would entail serious consequences beyond double taxation risks, such as legal uncertainty, continued international taxation disputes, or even trade conflicts. This applies

even more now considering the recent proposal laid out by the U.S. Treasury where the United States has emphasized that it “cannot accept any result that is discriminatory towards U.S. firms” under the OECD Pillar One approach. In this context it is to be welcomed that the OECD wants to ensure that a Pillar One agreement replaces unilateral measures by creating an objective framework for identifying unilateral measures that conflict with the agreement.

Negotiate a new OECD Arrangement for a new level playing field while making the existing payment terms in COVID times more flexible: a new approach to the 15 percent minimum down-payment in export credit finance

The International Working Group (IWG) including China and G20 stakeholders on export credit agency (ECA) financing outside the OECD is not making progress towards an international agreement for a level playing field on ECA financing. In the competition with China some OECD countries have developed institutions circumventing the OECD Arrangement. Therefore, the EU and the United States need to push for negotiations on a new flexible arrangement including all the ways of financing of exports (ECAs, development finance institutions, DFIs, and official development assistance, ODA) to prevent a race to the bottom.

Meanwhile, in current COVID times it remains difficult, if not impossible, for purchasers to source funding for the 15 percent balance of contract value upfront, particularly for contracts with public buyers in challenging economies because the private political risk insurance market is not willing to cover the financing of the down payment and the banks are not willing to finance the down payment at own risk. If no action is taken, export volumes will likely suffer. Much needed infrastructure will remain unbuilt or will be sourced from non-OECD countries, with likely negative impact on the sustainable growth agenda. ECAs should enjoy greater flexibility in guaranteeing/insuring or funding the financing of the down payment, whether it is through government-backed reinsurance or other practicable techniques. There should be a temporary and limited support for 100 percent of contract value; temporary for 18 months, limited to emerging and developing markets (in particular sub-Saharan Africa), which have no or limited private market credit insurance available. The disruptive impact of the COVID-19 crisis underlines that additional action and temporary measures are needed. The EU and United States should pursue this issue in the OECD.

Competition

Find coherent solutions for dealing with digital companies with considerable market power ensuring a balance between enforcement and innovation

The European Institutions as well as some member states have concluded that the available tools to address anti-competitive practices of large platforms are not sufficiently robust. In general, BDI supports the approach of competition authorities to ensure balanced and effective competition on digital platforms. In this context, coherence is important and preferable to unilateral national efforts in order to avoid further legal fragmentation and uncertainty for the companies concerned. Regulatory measures regularly constitute a strong interference in entrepreneurial freedom, internal growth, and competition on the merits, which must be justified. Over-regulation can reduce the incentive for companies to experiment, to react quickly to new user requirements, and to innovate.

The European Commission is proposing a new mechanism which will be the basis for swifter and more effective action based on an ex-ante approach. Such an approach should not undermine legal certainty and avoid spill-over effects. Bans and bids should not apply automatically to gatekeepers, regardless

of market position, size, and business model (no "one-size-fits-all" approach). Preferable would be overall general obligations on the one hand and tailored obligations for each designated "core platform service" of gatekeepers on the other. Companies should also be able to justify their behavior in certain cases based on efficiency considerations or objective reasons, for example, to protect the security or integrity of the platform. Structural measures, such as ownership unbundling, can only be considered as an ultima ratio in the event of an abuse of a dominant position. Moreover, as "market-by-design" instruments, divestitures by competition authorities should not be used for purposes other than competition (e.g., protectionism). It should be borne in mind that such instruments are prone to result in a concentration of political and regulatory power and should be used carefully.

Public Procurement

Increase access of EU bidders to U.S. public sector markets at subfederal level

BDI is committed to competition and open markets. Public procurement in many EU member states is comparatively open for bidders from Non-EU countries at all levels of public administration. This means that not only public procurement at central government level, but also procurement opportunities at subfederal level, i.e. at regional or local level, are widely open for bids of companies from third countries. This applies especially in view of third countries which have signed the Government Procurement Agreement of the WTO (GPA) regarding large contracts above the thresholds of the GPA. Even beyond the scope of the GPA, access to public sector markets in the EU is comparatively open for third country bidders. While according to EU law companies from third countries that did not sign any agreement on mutual access might be excluded, EU member states often allow for a participation of bidders from such third countries, even at regional or local level.

On the other hand, access for EU companies to U.S. public sector markets is restricted to a very considerable degree at subfederal level: 13 of the 50 U.S. federal states are excluded from the scope of application of the GPA. As a consequence, bidders from the EU do not have a reliable basis for market access to public sector markets in these federal states. In addition, access to public procurement at local level and in the utilities sector has often been reported to be restricted or at least very difficult for bidders from the EU. This imbalance is highly unsatisfactory. The afore-mentioned remaining 13 U.S. federal states should be encouraged to join the legal framework of the GPA as well. In the course of the further development of the GPA as well as in potential future bilateral negotiations between the EU and the United States, intense efforts should be undertaken to overcome the current imbalance. In any case, it will be important to safeguard that in further negotiations with the United States at GPA level or at bilateral level, all U.S. federal states will be covered.

Restrain from tightening Buy America(n) rules any further

The provisions of the "Buy American Act" as well as the "Buy America" program stipulate legal preferences for products made in the United States in the area of U.S. procurement. Both cause severe problems for free trade and especially for the access of foreign bidders to U.S. public procurement markets. Complex details of these rules create considerable uncertainties and risks for EU companies interested in bidding on U.S. tenders. This has consistently been reported by EU industries already according to the primary legal situation.

In recent years, between 2017 and 2019, former U.S. president Trump enacted three Executive Orders leading to a punctual intensification of Buy American rules. Although the new U.S. President Biden has

basically signaled more openness for international trade, he signed a further Executive Order regarding Buy America(n) provisions on 25 January 2021. This Order has been presented under the title “Ensuring the Future Is Made in All of America by All of America’s Workers”. It aims at a far-reaching intensification of Buy America(n) provisions. According to the Order, the Buy American Act shall be applied in a stricter way in the future by way of stronger centralization. A new “Made in America Office” will be created within the Office of Management and Budget (OMB) in the White House. In the course of the increased centralization, the granting of exemptions shall be restricted further.

Given the considerable problems already experienced in view of the primary legal situation concerning Buy America(n) provisions, any further tightening of these rules will be a step into the wrong direction. Accordingly, the Buy America(n) rules should therefore in no way be intensified further.

Security and Defense

Working together towards a fair burden-sharing and strengthening the European pillar within NATO

The United States is Europe’s most important ally. Only through joint efforts can we guarantee security, stability, and prosperity on both sides of the Atlantic. Currently, more than 80 percent of NATO’s defense spending is provided by non-EU countries. European states must thus significantly increase their contribution by developing and procuring their own capabilities and assume further individual responsibility. Efforts must go beyond sole academic discussions on increased European sovereignty.

Nuclear sharing is a core component of the NATO deterrence system and as such it is in the German and European strategic interest to be upheld. Our common goal must be to equally contribute to sharing responsibilities as well as individually increasing efforts to strengthening the European pillar within NATO. The investment quota of 20 percent and the increase in defense spending to two percent of gross domestic product jointly agreed on within the Alliance are prerequisites for this.

In this context, the joint procurement of capabilities as well as European cooperation in research and development are of major importance: sustained and dependable engagement in European defense cooperation projects contributes to strengthening transatlantic relations. Simultaneously they serve to fulfil the commitments made to NATO by the German and the European side. In this respect the latest conclusions of the European Council to cooperating closely with NATO, in full respect of the principles set out in the Treaties and those agreed further on, are very commendable. NATO as a whole will benefit from a stronger EU with improved and effective capabilities in the field of security and defense.

New Space

Realization of concrete transatlantic projects such as a joint manned return to the moon

Concrete transatlantic space projects offer great opportunities to promote innovation and inspire people on both sides of the Atlantic. The United States is planning to return to the moon with astronauts in the 2020s with Project Artemis. Already today, the crucial service module for the new U.S. lunar spacecraft Orion is being manufactured in Bremen. Therefore, Europe and the United States should conduct the manned return to the Moon as a joint transatlantic endeavor, creating a strong foundation for the revival of transatlantic friendship and future space cooperation.

Mobility and Logistics

Advance technological innovations especially for decarbonization in transport

A comprehensive approach to more climate protection in transport requires the increased use of new technologies and intelligent solutions. Companies in the mobility industry on both sides of the Atlantic are leading the way forward thanks to their technological innovations. They are now in the fortunate position to make significant contributions to decarbonizing mobility and transport worldwide. An intensified transatlantic exchange at various levels, in particular on technology-open approaches for new drives, electrification, and alternative fuels for all modes of transport, create a good basis for advancements.

Cooperation in the market ramp-up of alternative sustainable fuels: support the blending of Sustainable Aviation Fuels (SAF) in air transport

Decarbonizing the transport sector requires many approaches. One of them is the facilitation of alternative sustainable fuels. The market ramp-up of these fuels must be promoted. Due to its international character, air transport in particular requires an international approach and a joint effort of support for decarbonization in order to avoid competitive distortions. Blending quotas for alternative fuels in air transport can be an effective instrument, if sufficient quantities are available at competitive prices. Competition-distorting additional costs must be ruled out or compensated for by appropriate measures in order to avoid carbon leakage. The establishment of an adequate framework in transatlantic cooperation can have a positive impact in this field. Cooperation across the Atlantic is necessary in order to establish and maintain a solid market for sustainable alternative fuels (second generation biofuels, e-fuels) at competitive prices. Launching and sustaining alternative fuels to decarbonize the transport sector needs to be a common goal of transatlantic cooperation.

Advance digitalization in transport: develop a platform for fair data exchange, e.g. for mobility data, automated and connected driving

In an effort to create a modern, interconnected, climate-friendly, and resource-saving mobility, the potentials of digitization of transport must be facilitated at full extent. Transatlantic cooperation could therefore focus on policy initiatives on digitization of transport, and security could also be at the forefront. In addition, a transatlantic exchange on common approaches, especially with regard to access to mobility data as well as platforms for a fair exchange of data, should also be considered.

Enable transatlantic air travel swiftly while respecting pandemic-related hygiene concepts

Functioning air traffic, and transatlantic air traffic in particular, is a prerequisite for the recovery of industry as it is needed for international connectivity and air cargo capacities. This is of particular importance for export-oriented economies such as those of many European countries. The pandemic and several travel restrictions have massively affected international air traffic. For many countries outside the European Economic Area, travel restrictions remain in place due to the pandemic. This particularly affects transatlantic air traffic to the United States as one of the most important export markets. These restrictions, which affect supply chains, production processes, and business travel, jeopardize the recovery of the economy on both sides of the Atlantic. Therefore, every effort must be made to restore transatlantic air travel. Transatlantic government cooperation is needed to gradually ease travel restrictions while simultaneously ensuring mutual health protections, for example through testing programs.

Development and Connectivity

Expand and interlock connectivity initiatives

Both the United States and the EU have established connectivity strategies over the past years. The potential for interlocking these strategies should be explored and joint aspects carved out. While the Blue Dot Network, an initiative by the governments of the United States, Japan, and Australia, has a clear geopolitical focus, the EU-Asia connectivity strategy has yet to explore its geo-economic potential. Targeted cooperation around certain issues or projects could help driving the implementation of both strategies forward. After having launched connectivity partnerships with Japan in 2019 and with India in 2021, the EU should also consider such a partnership with the United States. Furthermore, developing the EU-Asia connectivity strategy into a global connectivity strategy that also includes Africa and Latin America would give the EU even more options to expand cooperation with the United States. Principles such as social, environmental, and financial sustainability, transparency, fair competition, and the rule of law form the basis of the connectivity strategy and its projects for the EU. This includes the support for enforcing higher compliance standards, transparency, and prevention of corruption, where the cooperation with the United States could be focused on Latin America.

Imprint

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