

**Remarks to the U.S.-EU Trade and Technology Council (TTC)**  
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Thank you for the opportunity to speak with you today. The Trade and Technology Council (TTC) is an important means through which the United States and the EU can make their partnership more effective. The United States and Europe are each other's most important commercial partners and the \$6 trillion transatlantic economy offers both parties a vibrant and resilient geo-economic base from which to address and shape a world of more diffuse power, greater competition, and ongoing disruptive challenges. Russia's war on Ukraine has given additional urgency to those efforts.

Until now, however, the two parties have been careful to define the TTC more in terms of what it is not rather than what it could be. It will not intrude on regulatory autonomy. It is not a TTIP-lite. It is not an anti-China cabal. It is not a vehicle to address bilateral trade or privacy disputes. These four "nos" are an effort to lower expectations about what the TTC might accomplish. They are an understandable reaction to past battles over trade and regulatory issues and earlier failures to make the U.S.-EU partnership strategic. Nonetheless, the TTC's message has become muddled at a time when clarity in strategic purpose is needed. The TTC's 10 working groups are not yet united by themes that advance a winning narrative.

If the two parties are truly to harness the potential of their partnership and win domestic constituencies to their cause, they need to offer a more proactive, affirmative agenda. Instead of saying four times "no," they need to say four times "yes," achieving concrete advances together so they

- a) remain global standard-setters and rule-makers, instead of becoming rule-takers;
- b) are inclusive innovators;
- c) are more vigilant and resilient to disruptive threats; and
- d) affirm their values-based partnership, which has become even more important in the wake of Putin's madness.

### **Standard-Setters/Rule-Makers**

#### ***Tech Standards***

- Coordinate early information sharing in international standards activities for critical and emerging technologies
- Bolster participation in international standards-setting bodies, coordinating and voting together where possible
- Support joint investigations of standardization developments in strategic sectors such as
  - AI
  - China's technical standardization efforts in critical and emerging technologies
  - China's efforts to export technical standardization through Chinese-financed BRI projects
- Work together to encourage adoption of international standards in connectivity initiatives
- Prioritize interoperability to lower costs and risks from divergences in standards
- Devise sandboxes for standards development
- Coordinate strategically with like-minded partners.

#### ***Artificial Intelligence***

The U.S. and the EU are aligned around two core themes for AI policy: enabling innovation and competition; and ensuring trust and accountability. But there are important differences. The U.S. tends to

focus innovation and growth, greater R&D funding, light-touch regulation; the EU tends to focus on risk management and trust. The TTC opportunity is to explore to what extent these approaches can be aligned behind a U.S.-EU effort to enable safe and responsible AI innovation and adoption globally. Seek common/complementary positions that balance AI risks against the risks inherent in slowing technological innovation. The key will be discussions of legal definitions and metrics for risk management requirements. The two sides should seek common principles, norms and regulations, but not expect complete convergence.

### ***Data Governance***

The precondition for any meaningful progress in this area is a viable and sustainable Privacy Shield successor that can stand legal challenges on either side of the Atlantic. If this happens, then there is opportunity to:

- Explore other data transfer mechanisms: codes of conduct and certification schemes for health, clinical research, market research and other “data spaces,” accessible to U.S./EU researchers
- Support development of reporting standards related benchmarking
- Compare practices in corporate oversight, without undermining regulatory efforts
- Establish a risk assessment framework
- Incentivize the use of privacy-preserving technologies
- Compare and benchmark national strategies to data and tech platform governance
- Define a joint work program of research for technological support and of standardization, addressing transparency, accountability and information obligations; handling systemic risks, detecting violation of fundamental rights etc.
- Consider the formation of an Open Partnership for Transparency and Accountability, based on democratic values, and open to participation by additional like-minded actors
- Devise common or complementary approaches to ‘trusted data flows’ that protect the free flow of data while ensuring that data flows are subject to robust, and not self-serving, privacy and security standards and are consistent with democratic values
- Advance the OECD workstream on Trusted Government Access to Data held by the Private Sector
- Develop principles for assessing data flows with countries that do not adhere to democratic norms on data governance

### ***Trade Rules***

The two sides have agreed to work to update the WTO rulebook with more effective disciplines on industrial subsidies, unfair behavior of state-owned enterprises, and other trade and market distorting practices. They can work together and with others to address the negative effects of non-market, distortive policies and practices in third countries.

WTO structural reforms that could head off collisions between climate and trade are a long-term proposition. US/EU should prioritize shorter-term efforts that could serve as a bridge to a time when WTO rules are updated.

- Devise a workable approach to CBAMs
- Advance a Green Steel Deal
- Develop methodologies for calculating carbon-intensity in other sectors, such as cement
- Revive and reframe negotiations on an Environmental Goods Agreement
- Explore arbitration possibilities in the absence of Appellate Body reform
- Work to reconcile WTO energy subsidy rules, which still allow fossil fuel subsidies but not fossil-free ones.

## **Inclusive Innovators**

### ***ICT and Cloud***

An overall transatlantic bargain is conceivable, comprised of joint efforts to enhance Open RAN, align on privacy standards, and guard against external and internal security threats and market abuses; U.S. willingness to grant European firms greater access to its domestic 5G market; EU willingness to cooperate more closely on platforms and AI. A start could be made via U.S.-EU efforts in the TTC.

- Reaffirm joint commitment to core principles
  - non-discrimination, transparency and mutual consultation in legislation and regulation
  - independence of regulatory authorities;
  - open networks for consumers to access and distribute information, applications and services of their choice;
  - strong yet flexible intellectual property (IP) laws;
  - interoperable data protection regimes that enable innovation while protecting privacy;
  - agreement that governments should allow foreign participation in their ICT services;
  - affirmative policies in support of digital trade;
  - science and technology cooperation related to digital innovation and research
- Foster industry Codes of Conduct for data protection in the cloud
- Use these principles as the core of a wider technology alliance of like-minded democracies

### ***Clean Tech***

The two sides have pledged to “work toward” a Transatlantic Green Technology Alliance. They need to make it real:

- Align on technical standards and address regulatory discrepancies
- Mobilize public and private investment to rapidly scale up breakthrough technologies in hard-to-abate sectors so they can become more affordable, accessible and attractive than their higher-carbon counterparts
- Set incentives and market signals to help make clean-tech innovations commercially viable
- Channel capital to sectors and technologies with untapped climate impact potential: green hydrogen production, food waste technology, precision agriculture, sustainable aviation fuels, low-emission iron and steel, offshore wind, next-generation electricity storage, and technical standards for decarbonizing grids
- Streamline and standardize licensing requirements. Implement complementary policies that unlock demand for these innovations
- Prioritize technological innovations that reduce reliance on critical materials
- Work to mitigate the climate and energy consequences of digitalization
- Negotiate a Clean-IT successor to Energy Star
- End EU-USMCA commerce in internal combustion engines by 2035
- Prioritize a Green Hydrogen Initiative that includes attention to setting global standards and enhancing infrastructure connectivity

### ***SME Digitalization***

First priority here is again a viable, sustainable Privacy Shield successor, since SMEs are disproportionately affected. If so:

- Build on the draft SME chapter in TTIP, which was essentially agreed already
  - a. Work towards common principles and interoperable frameworks on digital trade and digital regulations to avoid discrimination
- Agree on legally transferable and enforceable electronic documents and instruments
- Explore regulatory measures tailored to unique SME needs
- Consider flexibility or support when it comes to compliance costs associated with AI technologies.

- Partner with the private sector to develop U.S.-EU credentialing and apprenticeship programs, cross-border education and training opportunities. Examples:
  - Areas where digital tools exist but usage is low
  - Promote specifically digital export tools in underserved areas and communities

## **Vigilant, Resilient Economies**

### ***Semiconductors***

The two parties already agreed to jointly identify gaps and vulnerabilities, map capacity in the semiconductor value chain, and strengthen domestic semiconductor ecosystems.

- Need to move beyond French insistence on “short-term supply chain issues” to longer-term strategies
- Conduct a joint assessment of supply chain vulnerabilities
- Improve transparency throughout semiconductor supply chains
- Build synergies between U.S. National Science Foundation and Horizon Europe programs
- Work to design new microchips that can perform better – and require less energy – than silicon.
- U.S.-EU cooperation part of a broader semiconductor consortium of like-minded nations, including Japan, Taiwan and South Korea
- Forge a common innovation base with R&D of next-generation semiconductor designs and materials.

### ***Pharmaceuticals***

- Improve transparency throughout the pharmaceuticals supply chains
- Improve quality management
- Facilitate advanced manufacturing to promote diversification and redundancy
- Accelerate capacity for on-demand manufacturing capabilities for active pharmaceutical ingredients (APIs) and finished drug products
- Cooperate to establish virtual stockpiles of APIs and other critical materials necessary to produce essential medicines.

### ***Export Controls***

38 countries are already part of the Global Export Controls Coalition. The U.S. and EU are already aligned on common principles for closer collaboration; already outlined concrete steps, including conducting technological consultations on compliance and enforcement approaches, third country capacity building efforts, and technological consultations on cooperation. The challenge for the EU (and thus also for the U.S.) is that export controls are national competencies; not formally within the remit of the European Commission.

A good focus of future efforts should be on the Wassenaar Arrangement control lists:

- Synchronize efforts to update dual-use guidance and to expand the definition of “dual-use” beyond technologies related to military capabilities, not only to include emerging technologies but also respond to human rights abuses and supply chain disruptions.
- Be specific: overly broad definitions could disrupt domestic industries confused about the intent and nature of such guidelines.
- Address lingering differences in interpretation and implementation
- Clarify and align on how provisions apply to intangible technology and software transfers.

### ***Investment Screening***

The challenge here is that only 19 of 27 EU member states have updated investment screening mechanisms in place.

- U.S. can engage individual EU member states on specific cases, and with a view to achieve greater consistency across the Union on investment screening, even as it works with the European Commission on specific issues

- There is great European interest in understanding the CFIUS investigative process. It can be a model to shore up patchy EU investment screening processes.
- Explore the feasibility of complementary CFIUS-style investigative processes in sectors of critical vulnerability; both parties have already identified such sectors.
- Address the security implications of outbound foreign investment in critical areas
  - U.S./EU already have agreed to collaborate on outbound investment screening for investments in the Chinese large civil aircraft sector
  - Extend such reviews to other critical sectors.

### **An Affirmative Values-Based Partnership**

In many ways this theme cuts across all TTC working groups, even as a TTC working group is tasked to

- combat arbitrary or unlawful surveillance, including on social media platforms;
- address social scoring systems and to collaborate on projects furthering the development of trustworthy AI;
- Explore building an effective mechanism to respond to Internet shutdowns, in conjunction with the G7 and other like-minded countries;
- work to protect human rights defenders online; and
- increase transatlantic cooperation to address foreign information manipulation, including disinformation, and interference with democratic processes, while upholding freedom of expression and privacy rights.

The two parties should also consider ways to coordinate assistance programs related to technological misuse in emerging democracies.