



United States Council for International Business

1212 Avenue of the Americas, New York, NY 10036-1689
tel: 212-354-4480 ~ fax: 212-575-0327
e-mail: info@uscib.org ~ Internet: www.uscib.org

Serving American Business as U.S. Affiliate of:

International Chamber of Commerce (ICC)
International Organisation of Employers (IOE)
Business and Industry Advisory Committee (BIAC) to the OECD
ATA Carnet System

December 15, 2004

Ms. Anita Thomas
Attn: Transatlantic Economic Relationship Written Comments
Office of Europe and the Mediterranean
Office of the U.S. Trade Representative
1724 F Street, N.W.
Washington, D.C. 20508
FR0439@ustr.eop.gov

RE: Enhancing the Transatlantic Economic Relationship

Dear Ms. Thomas:

This letter is in response to the United States Trade Representative's Federal Register notices of August 17 and November 9, soliciting comments about ways to further strengthen the transatlantic economic relationship. The United States Council for International Business (USCIB) is pleased to offer comments on this important relationship, which is of particular concern to many of our members. USCIB represents over 300 U.S. corporations, professional firms, and business associations, many with substantial trade and investment interests in the European Union.

General

USCIB welcomes the opportunity to comment on the attempt to take the U.S.-EU trade and investment relationship to a new level, following on the footsteps of the U.S.-EU Summit that was held in Dublin, Ireland at the end of June 2004. Our members support this on-going effort. Benefiting everyone, the economies of the United States and European Union have become increasingly integrated over the last half of century so that today we share the largest bilateral trade and investment relationship in the world, tallying over \$1.5 trillion, with many of our members contributing to this large amount of commerce.

USCIB members have been watching the numerous recent internal EU events that are causing stunning changes to the degree that have not been seen since the introduction of the euro and monetary union in 1999. Following enlargement on May 1, 2004 when the EU 15 became the EU 25, U.S. businesses stand ready to work with the opportunities of the enlarged market of over 455 million inhabitants. USCIB will continue to monitor the changing institutional landscape of the EU and its effects on U.S. business, including the effects of the draft Constitutional Treaty from the EU Summit in June 2004.

At the U.S.-EU Summit, the Transatlantic Business Dialogue (TABD) presented proposals to government officials from both sides of the Atlantic for removing obstacles to attain a barrier-free transatlantic market. Recommendations were made in the areas of trade, urging U.S. and EU leadership for a successful Doha Round, on security, on the protection of intellectual property rights and the fight against counterfeiting. TABD also is working on the promotion of international accounting standards, as well as monitoring regulatory, visa and capital market issues. USCIB supports these TABD initiatives.

Members of USCIB have provided various recommendations, and we therefore direct your attention to the specific issues discussed below, which include the following:

	Page
Administrative.....	3
Agriculture.....	3
Biotechnology.....	3
Capital Market Integration.....	4
Competition.....	4
Data Retention.....	4
Environment.....	5
Intellectual Property Rights.....	8
Innovation.....	8
Legal Privilege.....	9
Regulatory.....	10
Trade.....	10
Transparency.....	11
Trade Facilitation and Security and Customs Procedures.....	11

In particular, USCIB members suggest the U.S. government take these steps in enhancing the transatlantic partnership:

- Increase staff at U.S. Mission to EU in Brussels
- Educate the public on the impact of agricultural subsidies
- Continue to address trade barriers to agricultural biotechnology products
- Continue to engage the EU to achieve an integrated European capital market
- Monitor implementation of cases against European state monopolies
- Promote the basing of pan-European data retention requirements upon a demonstrable investigative need and balance against business impact to service providers
- Address trade and market access barriers that could arise from Climate Change Convention Kyoto Protocol Implementation
- Engage with the relevant EU counterparts on the REACH Proposal
- Take a leadership role in the implementation of the Globally Harmonized System (GHS) of Classification and Labeling of Chemicals
- Monitor product policy approach
- Monitor proliferation of EU environment policy approaches and offer U.S. alternatives
- Continue to work with industry on IPR protection
- Establish frameworks to stimulate R&D for innovation
- “Fair burden sharing” for pharmaceutical innovation
- Monitor the protection of attorney client communications
- Increase communication between regulators
- Continue to address Airbus subsidies
- Resolve disputes bilaterally
- Work towards successful completion of WTO Doha Round
- Provide greater transparency in policy formulation
- Expedite legitimate trade while enhancing security
- Greater harmonization of EU customs procedures

We welcome the opportunity to continue to participate in your process of outreach with stakeholders. In addition to participating in future meetings and roundtables as part of this process to identify new ways to strengthen the transatlantic economic partnership, we look forward to working closely with the relevant U.S. agencies to follow-up on our specific recommendations, which are detailed below.

Recommendations

Administrative

- **Increase Staff at U.S. Mission to EU in Brussels**

The U.S. Mission to the EU is an important U.S. government delegation that facilitates dialogue between both sides of the Atlantic, and also monitors new developments in the EU that can affect U.S. businesses operating in and trading with the region. USCIB notes that there is no official posted to the U.S. mission to the EU in Belgium from the U.S. Treasury Department and suggests that one be added to monitor financial services issues and legislation emanating out of Brussels that fall under the Treasury Department's purview, in order to monitor and prevent EU legislation from impeding U.S. participation in European capital markets. There was such a position at an earlier stage when the level of EU member cooperation in the financial area was much less significant than it is today.

Agriculture

- **Educate the Public on the Impact of Agricultural Subsidies**

Massive agricultural subsidies provided by the EU and U.S. results in huge costs to consumers, major trade distortions and in significant environmental degradation. USCIB urges governments on both sides of the Atlantic to engage in public education campaigns that inform the public on how much the agricultural subsidy programs cost citizens of both the U.S. and the EU, and give some indication of who benefits from these programs. For example, in the U.S. and in the EU, a small number of sugar farmers receive billions of dollars in subsidies. Meanwhile, the U.S. and European consumer pays prices ranging from 3 to 4 times the world market price to benefit the privileged few, while farmers in the developing world are placed at a competitive disadvantage. Similar situations prevail with other commodities such as cotton and dairy products. The combination of a need to reach agreement in the Doha Round and the requirement to free budget resources to meet the development goals of its new members from Central and Eastern Europe should make the EU receptive to cooperation in this area. And subsidy cuts will have beneficial budgetary, environmental and consumer effects in the United States. These are issues that must be addressed comprehensively and expeditiously in the WTO Doha Round negotiations.

Biotechnology

- **Continue to Address Trade Barriers to Agricultural Biotechnology Products**

USCIB applauds the investment the U.S. government has made to address the trade barriers created by the EU regulatory approach to agriculture biotechnology products. Recently, some progress has been seen in the issue of product approvals for the European market. Unfortunately, most of this positive momentum is linked to a burdensome and costly regulatory framework for the labeling and traceability of GM foods, which is likely to result in the reduced use of agriculture biotechnology worldwide.

USCIB encourages the U.S. government to continue to defend the strong position it has taken against the EU's misuse of the precautionary approach and its reliance on non-scientifically justifiable trade barriers. We urge you to address the trade implications of the EU's traceability and labeling legislation in a manner consistent to that taken on the de facto moratorium on product approvals.

Capital Market Integration

- **The USG should continue to engage the EU to achieve an integrated European capital market**

The USG should continue to engage the EU to advance its efforts to achieve a successful Financial Services Action Plan that will create an integrated, deep, transparent, liquid and competitive European capital market. We need to take a fresh look at a proactive dialogue on regulatory convergence. Not all financial regulations require convergence. But some areas stand out for early attention: Will US companies listed on European exchanges be required to reconcile their US Generally Agreed Accounting Practices (GAAP) based financial statements to International Financial Review Standards (IFRS) after January 1, 2005? Will US auditing firms be subjected to registration and inspection requirements in the 25 EU member states similar to Sarbanes-Oxley Act requirements?

Competition

- **Monitor Implementation of Cases Against European State Monopolies**

USCIB urges the USTR to monitor the implementation of cases brought against state monopolies by the European Commission Competition Authorities. For example, in March 2001 and June 2002 the European Commission ruled, in two separate cases, that the Deutsche Post had abused its monopoly and benefited from unlawful state aid, making it difficult for private express delivery providers to compete. USCIB members remain concerned about the implementation of these decisions and urge USTR to raise this issue with the European Commission.

Data Retention

- **Promote the Basing of Pan-European Data Retention Requirements Upon a Demonstrable Investigative Need and Balance Against Business Impact to Service Providers**

In response to the current patchwork of rules and legislation, the European Union is presently engaged in a Consultation on a framework for mandatory data retention, which is expected to result in final draft legislation by mid-Spring 2005. Data retention is the collection of all traffic data traversing a communications network, regardless of sender/recipient or investigative purpose, for potential review by authorities as need arises.

As evidenced in written comments and a public forum on retention in 2004, USCIB believes that any proposal for data retention should be based upon law enforcement needs and reflect technical and economic limitations of multinational industry to implement such retention schemes. USCIB recommends that the European Union continue to permit data preservation – the retention of data for a specific case and for a finite period – to be favored by national governments as the preferred method for investigative cooperation. However, recognizing that disparate retention requirements already exist

among some Member States, USCIB urges that the European Commission continue to engage industry toward the development of a framework that recognizes the following key points:

- * Member State laws differ greatly both in the durations and definitions of data to be retained, and a European framework should harmonize national laws on both key issues. Any duration established should act as a ceiling supported by the demonstrable need of law enforcement. In addition, a harmonized data definition must be sufficiently flexible to assimilate next generation communications services.
- * A pan-European cost reimbursement scheme is a necessary component to any retention framework, to cover retention and search costs beyond industry business cases and to safeguard the privacy rights of individuals.
- * Access to data retained must continue to be limited to criminal investigative, prosecution and enforcement purposes, under a clear process to achieve the requisite authority, and service providers acting in conformance with a valid request for access to retained data should not be subject to liability for provision of such information.

Environment

- **Address Trade and Market Access Barriers that Could Arise from Climate Change Convention Kyoto Protocol Implementation**

The EU will initiate its Emissions Trading scheme in 2005, and will undertake other ambitious policies to attempt to meet its greenhouse gas reduction commitments under the United Nations Framework Convention on Climate Change (UNFCCC) Kyoto Protocol. USCIB is concerned that as the costs of EU climate policies mount, disadvantaging the European business community, pressure will mount to levy border adjustment taxes, or other trade-barriers in an effort to level the playing field. We would strongly encourage the U.S. government to enter into dialogue with EU counterparts, in an effort to discuss and prevent potential trade tensions that could arise in this context.

- **Engage with the relevant counterparts on the REACH Proposal**

USCIB members are concerned with the precedent established by EU's REACH (Registration, Evaluation and Authorization of Chemicals) Proposal. The approaches set out in the REACH proposal diverge dramatically from approaches under the U.S. and all other major regulatory systems. The proposed regulation would place costly burdens on U.S. industry, both chemical producers and downstream chemical users, affect U.S. and EU trade, and set a trend for policy promotion based on an overly conservative interpretation of the precautionary approach adopted in the 1992 Rio Declaration. The reliance on hazard-based requirements (as opposed to risk based) is of particular concern as there is the potential that the proposed regulation will be exported and used by other countries as a template for their own chemical regulations.

This proposed regulation is currently being reviewed by the Competitiveness Council of the EU Council of Ministers. A first European Parliament reading is expected during 2005 and completion is expected by 2007. It will require submission of information on an estimated 30,000 chemicals in commerce. Moreover, it establishes a specific authorization procedure for approximately 1,400 substances based on hazard characteristics alone which presumes bans or phaseouts unless strong justifications can be established for each use.

USCIB is concerned not only about the administrative cost and burdens that would be borne by chemical companies, but also about requirements for companies along the production chain that use chemicals in the manufacture or formulation of their products (e.g. impacts on development lead times and existing product life cycles). The proposal is also likely to discourage innovation, since every distinctive new use for a chemical will require an additional application. Additionally, there is concern that the REACH proposal will not achieve its environmental and health objectives efficiently as it currently stands. Not only will U.S. businesses stand to lose, but European industry will also be affected. A BDI study from September 2003 concluded that Germany would lose 1.7 million jobs.

REACH also raises the greater question of whether the EU will work cooperatively with the US and other countries to achieve mutually acceptable regulations for environmental and health protection and other objectives or go ahead unilaterally to legislate and seek to impose those regulations on the rest of the world.

We urge the U.S. government to engage the EU and monitor the legislation and its direct and indirect effects on U.S. companies.

- **Take a Leadership Role in the Implementation of the Globally Harmonized System (GHS) of Classification and Labeling of Chemicals**

Following the recommendation that came out of the U.S. – EU Transatlantic Environmental Conference on Chemicals held in April 2004, USCIB urges the U.S. government to designate a lead agency to facilitate the domestic implementation of the Globally Harmonized System (GHS) of Classification and Labeling of Chemicals as well as to coordinate with major trading partners, including the EU and Canada. A lead agency is needed to clarify the trade, economic, and regulatory issues that will arise with implementation of GHS.

The global community has set 2008 as the goal for GHS implementation. GHS implementation will require major changes to existing regulations over a long transition period. The USCIB encourages the U.S. government to take a global leadership role in the face of EU and Canadian deliberations on GHS. If the U.S. is not synchronized with its major trading partners in GHS implementation, there is the possibility of marketplace disruption and the development of an un-level playing field that would raise competitiveness issues for U.S. businesses. The U.S. business community is committed to working closely with the U.S. government in this effort.

- **Monitor Product Policy Approach**

USCIB urges the U.S. government to monitor the EU's actions related to a shift in environment strategy from pollution control to specifying product design and manufacture, which will entail increasing costs for U.S. companies.

Product policy measures such as eco-design requirements, product take-back/recycling programs, and product labeling schemes aim to reduce the environmental impacts of products throughout their life cycles. Due to the global nature of today's product supply chains, EU product regulations have significant extra-territorial impacts for U.S. companies, affecting product development and innovation, materials used in products as well as the way companies communicate about their products. USCIB supports global efforts to assure the proper management of products throughout their life cycles that are protective of human health and the environment, though we feel this is best achieved through cooperative market-based efforts of governments, industry and consumers rather than the unilateral imposition of rules with extra-territorial impact.

The EU has three inter-related strategies aimed at reducing the potential environmental impacts of resource use based on a life cycle approach: 1) Integrated Product Policy aims to minimize the environmental impacts of products across their life cycles. Draft legislation is not expected before 2007. 2) The Thematic Strategy on Natural Resources aims to reduce impact of natural resource use by using less and using more efficiently. The strategy is expected to be finalized in 2005 3) The Thematic Strategy on Waste Prevention and Recycling aims to reduce the environmental impact of waste with a focus on prevention. The strategy is expected to be finalized in 2005.

While it is not clear how the three umbrella strategies will be implemented, there are already concrete measures being put into place including, but not limited to, the Directive on Waste from Electrical and Electronic Equipment, the Directive on the Restriction of the Use of Hazardous Substances in Electrical and Electronic Equipment, the End-of-Life Vehicles Directive, and the Packaging & Packaging Waste Directive. USCIB continues to monitor these policy developments and urges the U.S. government to do so as well.

- **Monitor Proliferation of EU Environment Policy Approaches and Offer U.S. Alternatives**

These product-focused policy developments have trade and market access impacts. The EU has been actively exporting its environmental priorities and principles, including its product policy approach, through direct relations with relevant ministries abroad as well as through international organizations, such as the United Nations Environment Program. For example, we have seen clear influence of the EU in recent Chinese regulations on chemicals and hazardous substances; Chinese officials have repeatedly taken EU regulatory language, translated it and implemented it as Chinese law.

USCIB would like the U.S. government to address the actions the EU is taking to either directly or indirectly promote regulatory frameworks that not only affect U.S. businesses in Europe, but also result in the export of EU regulations that could hinder U.S. business worldwide. The challenge for U.S. government representatives is to develop a vision and proactive approach that brings positive U.S. policies and initiatives to the attention of other countries and gains support for them in intergovernmental forums.

Intellectual Property Rights (IPR)

- **Continue to Work with Industry to Strengthen IPR Protection Transatlantically and Globally**

Product counterfeiting and intellectual property piracy pose a growing threat to consumers and governments as well as legitimate businesses. Providing adequate intellectual property protection for products and services is essential for promoting innovation and global competition to the benefit of consumers and businesses alike. USCIB is actively involved in efforts to protect intellectual property and stem the tide of counterfeiting and piracy through its work as the U.S. affiliate to the Business and Industry Advisory Committee to the OECD (BIAC) and as the U.S. national committee for the International Chamber of Commerce (ICC).

USCIB contributed to the development of the December 2003 BIAC discussion paper, ‘Creativity, Innovation and Economic Growth in the 21st Century: An Affirmative Case for Intellectual Property Rights’, which includes a number of recommendations for increased OECD involvement in intellectual property protection. Currently, USCIB is providing input through BIAC to the development of OECD work on the impacts of counterfeiting and piracy.

In addition, USCIB is working with the ICC on the development of a new anti-counterfeiting and anti-piracy initiative, ‘Business Action to Stop Counterfeiting and Piracy’ (BASCAP), which aims to enhance industry’s cooperation and influence with governments in the fight against counterfeiting and piracy.

USCIB would like the U.S. government to continue to work with cross-sectoral industry representatives representing all stakeholders and a balance of interests to encourage strong protection of intellectual property rights. In addition, USCIB urges the government to contribute to the ongoing work in this area in the OECD, ICC and the Transatlantic Business Dialogue (TABD). The recommendations of the TABD include establishment of a transatlantic task force to enhance the effectiveness of IPR protection, the devotion of additional resources to combat counterfeiting and piracy, and the establishment of an outreach program to raise awareness of IPR issues both transatlantically as well as in other marketplaces.

Innovation

- **Establish Frameworks to Stimulate R&D for Innovation**

Governments should establish enabling frameworks to stimulate research and development for innovative technologies and to promote more widespread use and transfer of economic, efficient technologies, processes and management systems.

In many product categories, the competitiveness of U.S. business is based on innovation, production efficiencies and the free flow of innovative products to world markets. These in turn rely on the ability to develop and improve products, the ability to bring those products to market in a cost-effective and timely manner, and the avoidance of technical barriers to trade. They also rely on the protection of the intellectual property that is critical to meeting or beating the competition in product design and production efficiency. Evolving product policies threaten each of these factors that underpin U.S. competitiveness in everything from electronics to paper products to packaged consumer goods, because pursuing sustainable development as a win-win proposition and partnership cannot proceed with arbitrary one-size fits all technological requirements. Dictating design specifications and imposing one country’s environmental

preferences and priorities on others will only deepen the divide between developed and developing countries, and stifle the innovation that is so essential to finding more sustainable solutions. Controls on product design have the potential to stunt innovation, encouraging global markets to fix on certain technologies or standards in product development and inhibiting incentives for innovation in these areas. This poses a threat to U.S. companies and their ability to deliver value to consumers around the world and to continually strive towards optimization of the full product life cycle. *(For a further discussion on this issue, please see the section of this letter entitled “Monitoring Product Policy Approach,” on page 6.)*

Likewise, innovation in the life sciences is increasingly a source of high-quality jobs, a major contributor towards sustainable economic growth and a provider of knowledge-intensive activities that benefit modern societies. In the health care sector, for example, new treatments, health care products and devices have made and are making growing contributions to public health, as demonstrated by increased longevity and greater quality of life, less absenteeism and lower rates of disability. Medical progress is predicated on further innovation in this vital sector. These improvements can only be achieved through continued private and public sector collaboration combined with a public regulatory climate favorable to innovation, competition and choice, and strong intellectual property rights.

- **“Fair Burden Sharing” for Pharmaceutical Innovation**

A critical pending issue between the U.S. and Europe is the need for European governments to pay their fair share of the high cost of biomedical innovation. The U.S. is covering a disproportionate share of the cost of funding discovery and development work that leads to new therapies that save lives. R&D investment in the U.S. pharmaceutical industry is among the highest of any industry as a proportion of sales and U.S. citizens already pay for about half of all pharmaceutical spending worldwide even though our own outlays for medicines are a small percentage of total health care costs. European governments have imposed a growing array of rationing policies designed to cut reimbursement prices below the level that can yield an adequate return on companies’ investment in R&D, thereby jeopardizing the very future of innovation itself. The most recent example of this is in Germany where the government will only reimburse selected categories of drugs - which include new, innovative patented drugs - at the level of the lowest priced off patent generic in the group. This practice places the burden on the U.S. patient to finance the cost of global biomedical research, which produces the innovations and provide the new medicines for Europeans, who then benefit from assessing a confiscatory price on these valuable technologies. We urge that this important issue be placed as an agenda item on the revived transatlantic dialogue negotiations

Legal Privilege

- **Monitor the Protection of Attorney-Client Communications**

It is a matter of increasing concern to American corporations doing business in Europe, including the members of USCIB, that the European Commission and several member states refuse to extend the protection of attorney client privilege or professional secrecy to communications between management of a business corporation and members of the legal staff of the corporation. At a time when government agencies on both sides of the Atlantic are requiring corporations to take increasing responsibility for assuring that their conduct is in compliance with law and regulations, it is essential for a business executive to be able to obtain timely legal advice from the lawyers most familiar with the corporation's business, those in the company's own legal department. Such advice can only be effectively sought and given if the executive and the lawyer are assured that communications between them will be treated as

confidential. USCIB has recently formed a Task Force to address the concerns of American corporations about this problem.

Regulatory

- **Increase Communication between Regulators**

USCIB welcomes the U.S.-EU Regulatory Cooperation Roadmap, which builds on the 2002 U.S.-EU Guidelines for Regulatory Cooperation. USCIB members urge both sides to continue working in this framework that covers several important areas including pharmaceuticals, auto safety, agriculture biotechnology, information and communications technology, cosmetics, consumer product safety, chemicals, and eco-design of electronic products. USCIB urges both sides to follow this roadmap toward better quality regulation, and the reduction of regulatory divergences.

We recommend that more dialogue take place between regulators on both sides of the Atlantic. Increased dialogue between regulators would help to ensure the compatibility of policy approaches in the United States and European Union, reducing the potential for disputes to arise.

Trade

- **Continue to Address Airbus Subsidies**

While we regret the appearance of another U.S.-EU dispute in the WTO, we applaud USTR's decision to seek a resolution of the long-standing problem of Airbus subsidies. Presently, the playing field is not level, because of the large amounts of launch aid to airbus. The status quo therefore is no longer acceptable. A new agreement, replacing the one of 1992, would have to be equitable, transparent and enforceable. We hope this issue can be resolved through negotiations.

- **Resolve Disputes Bilaterally**

USCIB has found that U.S. government and EU bilateral negotiations have solved many issues successfully. Our members stress that when possible, it would be best to resolve issues that arise bilaterally. Recourse to WTO dispute resolution should be a last resort only after bilateral efforts are exhausted. Additionally, trade negotiations may not be the most efficient channel for discussing regulatory reform, even though creating stronger economic ties and increased regulatory cooperation are important, there may be other avenues for discussion.

- **Work towards Successful Completion of WTO Doha Round**

USCIB urges the U.S. and EU leaders to make a major effort to conclude the Doha Round negotiations as quickly as possible, aiming at an agreement by the December 2005 Hong Kong WTO Ministerial. Setting this admittedly ambitious target can serve to encourage negotiators to a maximum effort. A success in the Doha Round will benefit not only both of our economies, but countries all around the world. Negotiators are on the cusp of a historic opportunity fundamentally to reform agricultural trade, and USCIB urges concentration on progress in the agriculture negotiations, which will be essential if progress is to be made in the top priority negotiations on goods (NAMA) and services. We emphasize the need to seek an ambitious liberalization of non-agricultural tariffs and services trade. It is particularly important to achieve meaningful participation of emerging markets and developing countries in this liberalization, and

that the U.S. and the E.U should develop joint approaches for this objective. Along with TABD, USCIB members urge U.S. and EU leaders to cooperate with other WTO members to complete the Doha Round as soon as possible.

Transparency

- **Provide Greater Transparency in Policy Formulation**

USCIB welcomes the continued progress under the U.S.-EU Regulatory Cooperation Roadmap that builds on the 2002 U.S.-EU Guidelines for Regulatory Cooperation, in which the European Commission agreed to undertake to make its regulatory process more transparent. It is necessary to continue to have a reasonable period for public comment on new and revised laws and regulations relating to foreign trade and investment, as transparency is a crucial element for a stable and predictable environment for U.S. investment in the European Union. Allowing for an adequate public comment period prior to final decisions on regulations leads to a better regulatory framework. There have been some suggestions that at times, EU outreach for public comment, meetings or deadlines on such important issues as financial services, have been timed to coincide with important U.S. holidays, making American business participation difficult. USCIB requests that U.S. government officials continue to monitor that the EU officials provide even greater transparency in policy formulation.

Trade Facilitation and Security, and Customs Procedures

- **Expedite Legitimate Trade while Enhancing Security**

USCIB encourages U.S.- EU cooperation, with the private sector, to develop common approaches to enhanced supply-chain security that will improve facilitation for legitimate trade, and to promote such common approaches worldwide.

- **Greater Harmonization of E.U. Customs Procedures**

Both enhanced security and improved trade facilitation involve greater harmonization of customs procedures among the 25 EU members. Customs procedures are still important impediments to trade with the EU, and improvements in harmonization and simplification across all EU members would add value for business. Areas for improvement include:

- * Reducing and simplifying documentation and data for export and import purposes; for example USCIB supports the harmonization of administrative procedures and VAT policies related to duty suspension regimes (such as "inward processing" and "processing under customs control"), as well as a proposal advanced by the International Chamber of Commerce to simplify the EU duty drawback system.
- * Harmonizing documents and data requirements with internationally agreed standards; for example, an important problem for companies is varied classification of the same product under the Harmonized System by individual EU members.
- * Acceptance of electronic generation and submission of reduced and internationally recognized trade documentation by all EU members.

- * Extension of modern customs procedures to all members, including risk assessment, pre-arrival processing, audit based controls and fast-track release for authorized traders.
- * Convergence of responsibility for implementation of all official controls in customs authorities (one stop clearance).

Conclusion

We appreciate the opportunity to express our ideas about the important role of policy approaches and regulation in the transatlantic economic relationship. We have covered several issues, but we recognize that this discussion is not by any means exhaustive, and that there may be significant issues that our members have not raised with us for various reasons. Similarly, the differences in length and detail provided in the discussion of specific issues should not suggest that shorter entries are less important than longer entries with more details.

USCIB stands ready to meet with U.S. agencies to discuss our recommendations and concerns at greater length. We would like to continue to participate in your process of outreach with stakeholders as part of our efforts to identify new ways to strengthen the transatlantic economic partnership, assisting in your goal of developing a forward-looking strategy and view to providing a concrete proposal for the next U.S.-EU Summit in the summer of 2005. We look forward to continuing this dialogue and collaborating with you to support the implementation of the recommendations highlighted above.

Yours truly,



Thomas M.T. Niles
President
United States Council for International
Business



Michael Hodin
Chairman, EU Committee
United States Council for International
Business