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# ABSTRACTS

EUROPEAN-AMERICAN BUSINESS COUNCIL

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## SPECIAL TABD EDITION

This special edition of *Abstracts* is devoted to informing our membership about the status of the major issues being addressed by the Transatlantic Business Dialogue (TABD). It is a follow up to the presentations made at the September 3 Washington Representatives Meeting. Companies that wish further information on the issues or the names of the TABD issue and working group leaders are encouraged to contact the Council.

### WORKING GROUP I - TRANSATLANTIC ADVISORY COMMITTEE ON STANDARDS

**Horizontal Issues:** This issue group has produced a joint paper that advocates expanded use of supplier's declarations of conformity and greater use of international standards. The group also supports full implementation of the WTO Technical Barriers to Trade Agreement and reduced labeling requirements, using global symbols when labeling is necessary.

**Aerospace:** The aerospace group hopes to update and reemphasize the recommendations it made last year. The group will continue to call for the creation of a single European aviation regulator and for the harmonization of airworthiness regulations between the US and EU.

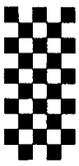
**Automotive:** Industry and government officials have made progress on the priorities of the automotive issue group, which are: (1) establishing the United Nations Economic Commission for Europe (UN-ECE) Working Party 29 as a global forum to harmonize auto regulations and (2) developing processes between the US and Europe to recognize the functional equivalence of standards and certification procedures. Countries will be able to sign on to a UN-ECE Working Party 29 proposal beginning in November 1997, that was developed between the US and the EU Member States. The US National Highway Traffic Safety Administration plans to issue proposed regulations this fall on a process to recognize the functional equivalency safety regulations.

**Biotechnology:** The Biotechnology group is drafting recommendations meant to improve the approval process for biotechnology-derived agriculture products. The recommendations will focus on compatibility of information requirements, mutual recognition of safety assessments, and transparency and predictability in the approval process. US participants in the group will meet in Washington September 16.

**Chemicals:** Issue managers in Europe and the US report that the group has made the greatest amount of progress in the area of chemical standards. The group's priorities for greater regulatory cooperation are: (1) mutual acceptance of data and good laboratory practice requirements, (2) new chemical notification requirements, and (3) hazards classification criteria and hazard communication. In the area of new product review, issue managers report that they are closest to forming proposals for harmonized standards on polymers, R&D activities, and low volume or low exposure chemicals.

Many of the priorities listed above are included in an OECD agreement on guidelines for the mutual acceptance of data between member states. Issue managers will urge better implementation of these guidelines. The next meeting of the TABD Chemicals Group will be September 25 in Boston.

**Pharmaceuticals:** The pharmaceutical issue group issued a list of nine agenda items at the TABD Chicago Summit in November 1996. The top priorities from that list include: (1) expanding US Mutual Protection for OSS (i.e. information from 7 years to 10 years, consistent with European practice and (2) eliminating price controls that distort the market for drugs among the EU Member



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States. The issue group also strongly supports the efforts of the intellectual property issue group under Working Group III.

**Medical Devices:** This group is focusing on the implementation and expansion of the medical device component of the recently concluded EU-US Mutual Recognition Agreement. The group also advocates improving the product approval process of the US Food and Drug Administration, including greater use of international standards.

**Heavy Equipment:** A meeting is scheduled next week between US and European leaders of this group. The topics of the meeting will be the same ones identified in the May 1997 TABD priorities report – how the heavy equipment sector is affected by the proposed EU directive on noise from outdoor equipment and by European tax incentives related to vehicle emissions.

**Information Technology, Telecommunications, Electrical And Electronic (EETIS):** The EETIS group has prepared an extensive draft of recommendations and is now considering comments from participants to finalize a paper for Rome. The group is likely to call for the rapid implementation of mutual recognition agreements concluded this year, for the creation of a new US-EU dialogue on security in the Global Information Infrastructure (GII) and for the harmonization of standards related to the development of the GII. The group will also recommend that the US and EU cooperate to develop voluntary standards for electronic commerce.

**Recreational Marine:** This sector was included in the recent package of Mutual Recognition Agreements struck between the EU and US. The group's most significant current priority is to enact language in the EU Emissions Directive to prevent barriers to trade that could result from differences in regulatory policy either within Europe or between the US and EU.

**Telecommunications.** The TABD is likely to form a group focused on telecommunications services issues by the Rome Summit. EU Industry Commissioner Martin Bangemann has been pressing for the formation of such a group in order to highlight telecommunications, including implementation of the recent WTO agreement and a number of satellite issues, in Rome. Many companies have expressed support for the group, both to raise the profile of telecommunications issues and to bring discussion of those issues into a single TABD group.

**Tires:** The tires group is still at an early stage of discussion, but hoping to make recommendations that will move the US and EU toward a common approach to standards in this sector. The US now has a self-certification system and the EU a type approval system. While manufacturers now face relatively few difficulties shipping between the US and EU, many important third country markets are now adopting one system but not recognizing the other. The group hopes that a US-EU agreement will eventually lead to a global certification system. US and EU participants will meet October 1-2 in Washington.

**Other New Sectors – Toys, Dietary Supplements:** New issue groups will probably be established by the November 1997 Summit to deal with toy safety standards and the regulation of vitamins. Mattel and GNC, respectively, are expected to lead the US groups. Their European counterparts have yet to be determined.

## WORKING GROUP II – BUSINESS FACILITATION

**Customs:** The TABD Customs group outlined a number of new priorities from their 1996 recommendations. Issue managers report that one of their top priorities will be to eliminate the requirement for Chamber of Commerce certificates of origin for US and EU trade. There also was agreement that the TABD would support efforts in the G-7 to standardize data required to release cargo. The next meeting between issue managers is September 18, when recommendations will be finalized.

**Electronic Commerce:** The electronic commerce group completed a draft of recommendations this week. The paper endorses many of the principles set out in recent EU and US government papers on electronic commerce. The group in particular will call for the development of electronic commerce to be industry-led, for government intervention to be minimal, and for global harmonization to be pursued relentlessly. The group has also identified 12 areas for

recommendations, including five priorities: digital signatures, data protection and privacy, encryption, taxes and tariffs, and intellectual property rights. Comments on the paper are due by September 19.

**Export Controls:** The TABD group on export controls is concentrating on three main priorities. First, it will continue to oppose secondary boycotts, extraterritorial legislation, and sub-federal sanctions legislation. Second, issue managers urge the US to streamline procedural aspects of the export control processes to allow business to benefit from controls that have already been liberalized. Third, the group urges governments to avoid using "catch-all controls" that place a heavy burden on industry. To remedy this problem, the group suggests that the EU and US follow the Japanese example of publishing a short-list of non-controlled products that are subject to catch-all controls, plus a list of exempt countries.

The group expects to finish its recommendations by mid-October. Issue managers in Europe are meeting with DG I in the European Commission this week. No future meetings are scheduled.

**International Business Practices:** The TABD continues to support efforts in the OECD to eliminate the practice of bribery in international transactions. The TABD urges all parties to keep to schedules set out in this agreement, including enacting member state legislation criminalizing bribery by the spring of 1998. Issue managers report that they will take a "wait and see" approach on which draft to support for the upcoming international convention of bribery. Three drafts have been tabled (OECD, Germany, and the US). The issue managers will meet to finalize their recommendations in October.

**Product Liability:** The TABD supports legislative proposals to reform the US product liability system, which imposes unnecessarily high insurance and legal costs on companies operating in the US. The Senate Commerce Committee approved a bill earlier this year that awaits a vote by the full body. The timing and outcome of the vote will be largely dependent on the efforts of Sen. Jay Rockefeller (D-WV) to fashion a compromise proposal with the Administration and Senate Democrats. The House of Representatives does not plan to consider legislation until after the Senate completes consideration of a bill.

**Taxation:** The taxation issue group seeks the establishment of binding arbitration procedures for US-European transfer pricing disputes (opposed at this time by the US government) and an elimination of withholding taxes on inter-company interest and royalty transfers within the EU. Industry believes that both objectives can only be achieved on a medium- to long-term timetable, due to the US government position on binding arbitration and the revenue pressures that eliminating withholding taxes would pose for EU Member States trying to meet the convergence criteria of Economic and Monetary Union.

### WORKING GROUP III - GLOBAL ISSUES

**Competition Policy:** The competition policy group is not expecting to make dramatic recommendations due to reluctance, especially on the US side, to endorse a broad agenda in the World Trade Organization's new competition policy working group. The group has also been discussing whether industry, when involved in a competition case in both the US and EU, could present the same information to both governments. The chemical industry has proposed that the US and EU work out a system for merger cases in which one side would decide whether to approve a merger and the other would agree to accept that decision. But it is not clear how much support that proposal has among other participants in the group.

**Climate Change:** The US Council for International Business has asked for suggestions about the possibility of creating a TABD working group on climate change. Such a group could foster dialogue between the US and EU private sectors about the business implications of any climate change agreement reached in Kyoto in December.

**Intellectual Property:** The TABD will host a transatlantic business-government conference on intellectual property in Washington October 6-8 to address the issues raised by this group. The

issues include: (1) implementation of the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs) in the EU, US and third countries, (2) patent acquisition and maintenance costs, (3) patent harmonization, (4) implementation of the World Intellectual Property Organization copyright treaty, (5) trademark and biotechnology issues, and (6) intellectual property concerns raised by new information technologies.

***Investment:*** The TABD group on investment will reiterate its strong support for the efforts in the OECD to conclude a Multilateral Agreement on Investment (MAI), and emphasize the serious consequences of failure. Issue managers are discussing how the TABD can support specific issues within the MAI, in particular, how forcefully the TABD will oppose provisions on labor and the environment in the agreement. The group will hold meetings in September, where it will begin to draft the text for the November meeting in Rome.

***Financial Services:*** The financial services group will echo the recommendations of the Financial Leaders Group in calling for the conclusion of a good WTO financial services agreement in December.

***Government Procurement:*** The TABD group on government procurement is promoting a common basic approach between the US and EU systems that have significantly different structures. The group has placed priorities on the procurement implications of electronic commerce, the adoption of "green" related rules that can result in market access barriers, and the need for greater membership in the WTO Government Procurement Agreement.

**WORKING GROUP IV - SMALL AND MEDIUM-SIZED ENTERPRISES**

This working group has established the Transatlantic Small Business Initiative (TASBI) to facilitate partnerships between EU and US small and medium sized enterprises. The group plans to hold additional partnering events in 1998 and to continue work on a TASBI database that firms can use to identify potential partners.