



OPINION

European Economic and Social Committee

The new EU-US Trade and Technology Council in action

The new EU-US Trade and Technology Council in action:
priorities for business, workers and consumers and necessary safeguards
(own-initiative opinion)

REX/544

Rapporteur: **Timo VUORI**
Co-rapporteur: **Tanja BUZEK**

www.eesc.europa.eu

EN

Plenary Assembly decision	20/10/2021
Legal basis	Rule 52(2) of the Rules of Procedure Own-initiative opinion
Section responsible	External Relations
Adopted in section	09/06/2022
Adopted at plenary	14/07/2022
Plenary session No	571
Outcome of vote (for/against/abstentions)	173/0/4

1. **Conclusions and recommendations**

- 1.1 **Building a positive transatlantic agenda.** The EU-US Trade and Technology Council (TTC) can form the core of an agenda to reboot our partnership with trusted channels of cooperation. In spite of our transatlantic economies accounting for about half of worldwide GDP and a major part of the world's trade and investment flows, our relations still encounter obstacles to trade, to investment, to work, to travel and to study on the both sides of the Atlantic.
- 1.2 **Taking the lead to protect our values and rules-based trade.** In turbulent geopolitical times, there is a great responsibility for the world's leading economies, the EU and the US, together with other like-minded partners, to push forward a modern cooperation framework for trade and technology, which supports an open and sustainable economy, free and fair trade and respects democratic values, decent work and human rights.
- 1.3 **The need to respond to market disruption.** Following a multitude of ongoing crises, the transatlantic partners must quickly find ways to strengthen the resilience of our open democratic societies, including by ensuring our global value and supply chains and energy security, in particular, with a view to the urgent need to replace Russian energy and raw material supplies. Furthermore, the EU and the US must invest greater efforts in strengthening multilateralism and in tackling challenges related to climate change, to ensuring that free and fair trade is not undermined and to market disruption by authoritarian states.
- 1.4 **Building trust based on mutual and stable cooperation.** Both parties must engage in building a permanent dialogue structure for the TTC, in order to achieve concrete results in the short and long run, beyond political election cycles and changes of administrations. Furthermore, under the TTC, the EU and the US must aim for a more strategic and horizontal approach on trade and technology issues. The ten Working Groups under the TTC should seek a holistic and effectively coordinated approach to cooperation that does not create any unnecessary silos.
- 1.5 **Strengthening stakeholder engagement.** In order to avoid failures seen in previous ambitious trade negotiations, transparency and strong stakeholder engagement on both sides of the Atlantic is the only way for the TTC to reach its targets. Therefore, the EESC will engage actively within the TTC structures and seeks to be involved as a unique civil society stakeholder in the TTC ministerial meetings. In this context, the EESC once more expresses its regret that the expert group on trade agreements was not renewed and no comparable permanent structure for stakeholder consultation was put in place.
- 1.6 **Specific Transatlantic Labour Dialogue.** The EESC has in the past expressed support for the Transatlantic Dialogues for Business and for Consumers and therefore welcomes the recent Paris Ministerial announcement to establish a tripartite Trade and Labour Dialogue, creating a formal channel for social partners on both sides of the Atlantic to inform the TTC process and shape transatlantic trade and investment relations. In this context, the EESC urges the EU Commission to address the imbalance of labour democracy due to the non-ratification of six ILO fundamental Conventions and its impact on the level playing field in trade.

2. **General comments – the growing need for a closer EU-US-partnership**

- 2.1 **The EESC in transatlantic dialogue:** for years, the EESC has followed transatlantic political and trade issues and formulated EU organised civil society's positions. Furthermore, the EESC maintains a regular dialogue both with the EU institutions and with the US administration and, in particular, with civil society across the Atlantic. The launch of a new EU-US Trade and Technology Council (TTC), with ten working groups and regular hearings, requires the EESC to update its position on TTC priorities.
- 2.2 **Responsibility of the world's leading economies:** the EESC underlines that the EU and the US still have the largest bilateral trade and investment relationship and enjoy the most integrated economic relationship in the world. Although overtaken by China as the largest EU import source for goods in 2021, the US remains the EU's largest trade and investment partner by far. The transatlantic relationship defines the global economy, in a challenged multilateral trade system that has been impacted by a WTO in crises, two years of the ongoing COVID-19 pandemic and now the war in Ukraine. Either the EU or the US is the largest trade and investment partner of almost every other country in the global economy. The transatlantic partnership is no goal in itself but has to build on common values, interests and a common responsibility. The EU and the US should be an anchor for democracy, peace and security around the world, the rule of law and human rights for all¹.
- 2.3 **Momentum for a closer, strategic EU-US-partnership:** the EESC notes that as an unexpected multitude of crises is now shaking the world, it is a critical moment for the world's leading economies – the EU and the US together with other like-minded democratic states with open and rules-based market economies – to deepen their political and economic cooperation in order to protect our universal values and strengthen prosperity, democracy and rule of law, security and human rights. Of them all, peace has emerged as an imperative priority in leading international policy. At the same time, we should no longer tolerate any state actions against the international order, or free-riders in international trade.
- 2.4 **Key role of trade and technology in geopolitics:** the EESC repeats that trade and technology are not just about regulatory issues but essential tools to protect and promote these universal values worldwide. The EU and the US must deepen their cooperation and achieve concrete results at multilateral and bilateral level. The TTC provides a unique opportunity for such high-level strategic cooperation on trade and technology that surpasses current ad hoc cooperation arrangements and goes beyond EU and US elections and institutional changes of administrations.
- 2.5 **Platform for dialogue and cooperation:** the TTC is not and should not be seen as a rerun of the Transatlantic Trade and Investment Partnership (TTIP), though some useful lessons can be learnt from that failed negotiation. TTC objectives and procedures must not call into question EU institutions and decision-making processes, while stakeholder involvement must be enhanced. EU standards that reflect our values must not be brought into question, in particular, the precautionary principle is central to the EU's approach to standard setting. The EESC shares

¹ [OJ C 152, 6.4.2022, p. 56.](#)

the view that cooperation on standards is also linked to different legal frameworks and requires in-depth analyses of technical issues, as well as an assessment of economic, social and environmental impacts, which should all be performed on a case-by-case basis. For example, the new framework agreement in principle on data flows shows that the EU and US can work towards consensus on sensitive issues.

2.6 **Strong stakeholder support:** the EESC notes that business and other civil society stakeholders, both in the EU and the US, have already expressed general support for the TTC and the identified topics under the ten working groups. Transatlantic partners seem to see the added value of a strategic transatlantic partnership and closer regulatory cooperation. There are still unnecessary barriers to trade, to invest and to work. Furthermore, the transatlantic partners could together strengthen their global competitiveness on the global market, which goes hand in hand with the goals of sustainable development, social justice, respect for human rights, high labour standards and high environmental standards. However, in order to gain results both sides need to be aware of each other's objectives, approaches and means in order to develop a common new framework for trade.

2.7 **Better stakeholder engagement after failed EU-US civil society dialogues:** the EESC emphasises that strengthened civil society dialogue is a vital component in the transatlantic context, including in the TTC. The need for joint dialogue on citizens' rights, resilience to disinformation, media freedom, climate action, social rights and consumer protection, and on supporting democracy, is particularly important in this connection². The transatlantic partnership can give way to even closer transatlantic integration in our economies including a common framework for trade, technology and investments.

3. **Specific comments – key priorities for business, workers and consumers**

3.1 The EESC finds that the TTC demonstrates the interconnectedness of the two largest economies in the world, as well as serving as a unique forum for building greater cooperation on trade policy and market regulatory issues across the Atlantic. Therefore, the EESC believes that the TTC should focus on certain key priorities from the perspective of business, workers and consumers.

3.2 **Modern rules-based multilateral trade:** the EU and the US must show joint responsibility and leadership in the World Trade Organisation (WTO) and advocate an effective multilateral model, with a progressive trade policy that takes into account environmental and social aspects³. Both the EU and the US face challenges from market distorting practices by non-market economies, including unfair and discriminatory action related to state-owned enterprises, state subsidies, levies and taxes.

3.3 **Leading the WTO reform:** the TTC should focus on ways to improve the multilateral trading system of the WTO and its Dispute Settlement Mechanism, given its central role in delivering an effective multilateral matrix for a progressive trade agenda with environmental and social

² [OJ C 152, 6.4.2022, p. 56.](#)

³ [OJ C 152, 6.4.2022, p. 56.](#)

issues. The EU and US must lead an ambitious WTO reform and promote a modern WTO agenda, breaking down taboos (i.e. social aspects of trade) and addressing current and upcoming sustainability challenges. To do so, the EESC calls on the EU and the US to form strategic cooperation arrangements with key trading partners on priority multilateral issues⁴.

3.4 **Decent work in international trade**⁵: the EESC urges the EU and US to promote closer cooperation between the WTO and the International Labour Organisation (ILO) with a view to promoting decent work and labour standards through trade instruments. The recent election of new directors general in both organisations should help to provide new impetus in this area. Ensuring respect for international labour standards, as set and monitored by the ILO, should form part of an EU and US lead WTO reform debate. As a positive example and an opportunity to strengthen this ambitious re-thinking, the EESC welcomes the US proposal to address the global problem of forced labour on fishing vessels in ongoing WTO fisheries subsidies negotiations⁶. Transatlantic partners should further use their cooperation to work towards a stronger legal foundation for the inclusion of ILO fundamental labour rights in the WTO⁷. Bilateral labour issues of common interest should include comparative approaches to trade and sustainable development (TSD) chapters and their effective enforceability in Free Trade Agreements (FTAs)⁸. The EESC has long called for a revamped sanctionable enforcement approach for TSD chapters and welcomed innovative enforcement instruments in the US-Mexico-Canada Agreement (USMCA)⁹.

3.5 **Working together in international fora**: the TTC could provide a forum for preparing reinforced cooperation on labour and employment matters in international fora, particularly at the ILO and the Organisation for Economic Cooperation and Development (OECD). This reinforced cooperation should include the promotion and enforcement of due diligence. The TTC should encourage joint capacity building, notably for the promotion of occupational safety and health (OSH) worldwide, and develop joint projects, for example on resourcing labour inspection in third countries. The expected inclusion of OSH Conventions among the ILO Core Labour Standards would provide a fertile area for cooperation. Forced labour is an issue of deep common concern and the EU and US approaches, notably with regard to the importation of goods produced through such practices in China, should be coordinated. The spread of new forms of employment worldwide, notably platform work, led by US and EU companies should be discussed in the relevant TTC Working Groups, including input from the labour side.

4 [OJ C 374, 16.9.2021, p. 73.](#)

5 The EESC provided concrete recommendations in [OJ C 429, 11.12.2020, p. 197](#); ongoing work in SOC/727: [Decent work worldwide](#), rapporteur Maria del Carmen Barrera Chamorro, due to be adopted in September 2022.

6 [OJ C 374, 16.9.2021, p. 73.](#)

7 Possible ways forward could consider an interpretive statement under Article IX:2 of the WTO Agreement, affirming an interpretation of the "public morals" exception (Article XX of GATT 1994 and Article XIV of GATS), to be inclusive of ILO fundamental labour rights and outline the possible role of ILO determinations in any legal proceedings on the issue.

8 A good example to build on is the EU commissioned *Comparative Analysis of Trade and Sustainable Development Provisions in Free Trade Agreements*, LSE, February 2022, notably with regard to the Rapid Response Mechanism of the US-Mexico-Canada Agreement (USMCA), https://trade.ec.europa.eu/doclib/docs/2021/november/tradoc_159899.pdf.

9 [OJ C 105, 4.3.2022, p. 40.](#)

- 3.6 **Resilience and sustainability in global supply chains:** the TTC should develop strategies for greater resilience by securing the sustainability of global supply chains and ensuring that they can function properly. The EU and US should identify common vulnerabilities and work together, for example, in the field of availability of critical raw materials and products such as semiconductors. Transatlantic partners should also draw immediate attention to a standardised approach to the security of energy supply that is fully aligned with an ambitious sustainability agenda like the European Green Deal. Furthermore, they should consider common action to improve relevant production capacity, investments and logistics. The TTC should work for common mandatory due diligence in supply chains, based on best practice, in order to set up a model for global sustainability requirements in value chains.
- 3.7 **Supporting the green economy:** the TTC should focus on cooperation on climate and green technologies and just transition policies. The EU and the US should promote an international framework and standards for climate mitigation, circular economy, sustainable finance, energy saving technology, green and social standards in public procurement, eco-labelling and sustainability reporting. Furthermore, transatlantic partners should work for a multilateral framework on trade liberalization of environmental goods under current initiatives, namely the Environmental Goods Agreement (EGA), the Trade and Environmental Sustainability Structured Discussions (TESSD) and the Informal Dialogue on Plastics Pollution (IDP). The TTC should focus on effective and coordinated Carbon Border Adjustment Mechanisms (CBAM) in order to set up a model for a global framework and to avoid trade conflicts between the EU and the US.
- 3.8 **Digitalisation and new economies:** the TTC should focus on cooperation on technology standards, research and policies in the field of Artificial Intelligence (AI), the Internet of Things, 6G, battery, quantum and block chain technologies. The framework should foster innovation and standardisation but must incorporate vital underlying policy considerations. New technology areas such as AI often also have a workplace dimension that requires robust AI and data strategies, first providing for a European legal and empowering framework based on human rights, and therefore including ethical rules, labour and trade union rights. While having exactly the same rules on both sides is not possible, interoperability of frameworks should be a goal. Furthermore, there is a need to clarify common regulatory requirements for climate-neutral technologies, biotechnology and health technology. The EU and the US should promote value-based principles for international standards in order to maintain global leadership in these new economies. The TTC should also strengthen the resilience of our democratic societies, with a view to preventing targeted AI-led disinformation campaigns, and through better Information and Communications Technology (ICT) security to counter state-backed cyberattacks.
- 3.9 **Data and privacy:** the TTC should focus on cooperation to make sure that in the future sharing digital technology and data between the US and the EU will allow an open, international ecosystem for research, development and innovation of the most advanced technology to serve customers and citizens globally, whilst protecting their fundamental right to data privacy and preserving the policy space for public data access and control and the ability to regulate digital multinational companies. Furthermore, the EU and the US should rapidly conclude a new framework for data transfers, addressing the problems which led to the invalidation of the Privacy Shield, and uphold shared common values of privacy and security.

- 3.10 **Export controls:** the TTC should work on emerging and foundational technologies ensuring the key role of multilateral export control regimes because these are very relevant for both the EU and US in order to promote democracy, human rights and an open society with a market economy. For example, effective trade sanctions require effective export control against states that are misusing trade and technology and undermining peace, security and human rights. The EU and the US should work together on building alliances with like-minded partners to tackle challenges and to ensure a level playing field.
- 3.11 **Standardisation:** the TTC should focus on cooperation between the standardisation bodies, as well as the limited mutual acceptance principles. The US and EU standardisation systems are different from one another. In particular, the principle "one product, one standard, accepted everywhere" that represents a pillar of the EU single market is not found in the US. In Europe, when a new standard is adopted, conflicting national standards are withdrawn; in the US, different standards coexist on the market making it difficult for SMEs to understand which one would best suit their product lines. These are often small companies with limited resources but with a high level of specialisation in a niche market that is the basis of their competitiveness.
- 3.12 **SMEs:** regulatory cooperation under the TTC could play an important role in facilitating trade and investment, as well as improving the competitiveness of small firms in particular. Small and medium-sized enterprises (SMEs), in particular, expect new opportunities to open up, given that they do not possess the resources to navigate in different regulatory environments on both sides of the Atlantic, unlike large firms. At the same time, greater compatibility of regulatory regimes would create opportunities for large enterprises to take advantage of economies of scale between the EU and the US¹⁰.
- 3.13 **Food and agriculture:** in the EESC's view it is important that besides the TTC's work, the EU and the US have set up the new transatlantic collaboration platform on agriculture, designed to take on the global challenges of sustainability, climate change and food security. International collaboration to confront climate change and foster sustainability is paramount to mitigating the harsh and difficult future that awaits us as a global society. The war in Ukraine and its immediate impact on the global food supply added to this challenge. Climate change is already affecting the livelihoods of farmers in deep and profound ways, from extreme weather volatility to severe drought, from flooding to wildfires, and other catastrophic events that threaten our towns, cities and communities. The EU and the US must rise to the challenge.
- 3.14 **Consumers:** as part of the TTC's work it is important to put safeguards in place to ensure that the process of regulatory cooperation is not used to undermine social, labour, consumer and environmental standards. It should rather aim to harmonise and to improve them. If those conditions are met, the benefits will not only be economic, they might also facilitate the regulators' task by achieving public policy objectives. Furthermore, transatlantic cooperation can be developed by sharing analysis, early warning systems against dangerous products and services from third countries and dialogue on improved enforcement of laws. In shifting away from mandatory convergence, which was formally pursued by the TTIP, the EU and the US

¹⁰ [OJ C 487, 28.12.2016, p. 30.](#)

need to get this new voluntary cooperation agenda right to help their citizens face the new challenges of this critical time.

4. Addressing concerns and necessary safeguards

4.1 The TTC presents the best opportunity to show that the EU and the US can take concrete steps towards real cooperation on trade and tech and demonstrate that their relationship is based on a meaningful partnership. However, there are certain critical issues the TTC must tackle to achieve success:

- a strong strategic commitment by the leadership of both the EU and the US;
- a clear shared vision for the TTC objectives and processes;
- the need to create added value through cooperation, by achieving positive, concrete results;
- the need to launch a few efforts designed to develop joint approaches towards joint standards;
- the need to establish a clear process on resolving detailed technical issues;
- building effective political decision-making outreach mechanisms both in the EU and the US;
- building an active and structured stakeholder engagement process with business, trade unions and other civil society stakeholders;
- building fluent coordination, consistency and a holistic approach to the whole work process; building on lessons learnt from the TTIP negotiations and previous bilateral activities on process, transparency and public outreach;
- responsibility for civil society across the Atlantic to accompany this process in an informed manner.

4.2 Safeguarding the EU's high levels of public interests in transatlantic regulatory cooperation has always been fundamental for the EESC. It strongly reaffirms that safeguarding existing high standards is a fundamental requirement. Besides the aim of enhancing trade opportunities, regulatory cooperation should also improve safety, health and the economic and social wellbeing of citizens on both sides of the Atlantic. The EESC calls for further reassurances that, for example, EU food legislation will not be changed and that the EU will keep its restrictions on hormones, growth promoters and genetically modified organisms¹¹.

4.3 The EESC urges the EU Commission to address, within the framework of the TTC, the imbalance of labour democracy and its impact on the level playing field in trade. The EESC repeats that the US has only ratified two out of the eight ILO core labour conventions, missing in particular key enabling Conventions 87 on Freedom of Association and 98 on Right to Collective Bargaining¹².

¹¹ [OJ C 487, 28.12.2016, p. 30.](#)

¹² C29 on Forced Labour, C100 on Equal Remuneration, C111 on Discrimination (Employment and Occupation) and C138 on Minimum Age, complete the list of unratified Core Labour Conventions.

5. **Meaningful stakeholder involvement following the lessons of the TTIP process**

- 5.1 The EESC underlines that the TTC process should be transparent, accountable and involve public interest groups in a meaningful way. It should go hand in hand with an improved and active communication policy about the nature of the TTC. Most importantly, the cooperation agenda must remain a platform to inform and exchange good practices, not an automatic tool to influence each other's legislative and decision-making processes or deter each other from improving protections.
- 5.2 Interested stakeholders need to be able to provide input to all ten of the working groups to avoid a siloed approach. Whilst the working group on global trade challenges is of a more cross-cutting nature and provides the main forum for labour discussions, related concerns arise within the remit of a number of other working groups, notably in relation to supply chain issues, AI and other emerging technologies, and data protection.
- 5.3 The EESC finds consumer protection and welfare to be overarching objectives of this cooperation. Different TTC dialogues must be transparent for stakeholders. Relevant regulators and sector specialists must be in a leading role to develop regulatory cooperation.
- 5.4 Beyond targeted civil society dialogue meetings, stakeholder preparatory meetings and debriefings should be planned before and after each TTC Council meeting. The former TTIP Advisory Group set up by DG Trade provided a valuable example of stakeholder consultation, in which the EESC should have been included. It was also a forum where member organisations could better understand the challenges and opportunities of trade for the different interests that others represented. It contributed to building bridges between the different organisations.
- 5.5 In this context, the EESC once more expresses its regret that the expert group on trade agreements was not renewed. It was a very positive step in the Commission's strategy to improve engagement with civil society on trade policy and to increase transparency. It was also the logical continuity of the TTIP Advisory Group.
- 5.6 The EESC has in the past expressed support for the Transatlantic Dialogues for Business and Consumers and called for an equivalent transatlantic Labour Dialogue to be recognised.

Brussels, 14 July 2022

Christa SCHWENG

The president of the European Economic and Social Committee
