

Point of Contact

Joel Jonsson
Director International Trade
Email: joel.jonsson@teknikforetagen.se
Phone: +46 8 782 08 93

Proposals to Promote Transatlantic Trade & Economic Security

The EU and the US have the largest trade and investment partnership in the world and constitute each other's most important geoeconomic base. In times of geostrategic competition and securitization of technologies, the current barriers to transatlantic trade limit EU and US technological leadership to the benefit of its competitors. The costs on both sides would be substantial should new barriers be raised. On the other hand, the mutual gains from a more open EU-US trade environment could be immense. Therefore, the Technology Industries of Sweden urges policymakers to constructive engagement to strengthen the transatlantic trade and economic security relation to promote shared interests. This includes resolving trade irritants, removing barriers to trade, and avoiding new barriers from being erected.

Both the EU and the US are pursuing policies to strengthen economic security and to reduce strategic dependencies in emerging and critical technologies. As such, the technology areas identified as critical to transatlantic security interests can provide the foundation for an agreement that contributes to achieve shared policy objectives. Commitment to economic security must be balanced with openness to trade, ensuring measures are proportionate, predictable and precise. By enabling diversification, international trade also remains integral to the resilience of industrial supply chains.

The following could be foreseen as building blocks in such an agreement:

- *Establish common definitions and harmonize lists of critical technologies*
The EU and the US have each identified a set of technology areas assessed to be critical for economic and national security.¹ It is of joint interest to harmonize these lists to serve as a common reference point to guide policy initiatives, to promote technological development and avoid diverging requirements.
- *Promote synergies in strategies to strengthen industrial competitiveness*
The parties should seek to enhance dialogue on industrial policy initiatives with the aim to generate synergies in strategic approaches and avoid a subsidy race. Programs to strengthen the civil and defense technological and industrial base should be leveraged by encouraging cooperation in research and development projects (including on dual-use products) through third country association. To avoid fragmentation resulting from domestic content requirements, national treatment should be extended to inputs sourced in the other party's territory under industrial policy schemes.

¹ See Commission Recommendation (EU) 2023/2113 on critical technology areas for the EU's economic security [here](#); and the White House Office of Science and Technology Policy Updated Critical and Emerging Technologies List [here](#).

- *Engage in regulatory cooperation on rules and norms shaping global trade*

The geopolitics of technology requires close regulatory cooperation to avoid diverging technical requirements that fragment transatlantic trade, hinders technological development and limits the ability to set global standards. The EU and the US should commit to (1) address existing trade irritants and barriers arising from technical requirements that hamper trade; (2) collaborate on rules and norms shaping global trade, including during the drafting of new technical requirements and through cooperation in international standards development bodies; and (3) seek alignment on defensive instruments to protect economic security such as investment screening mechanisms, export controls and sanctions. Attention should be given to avoid adverse effects on trade caused by extraterritoriality of unilateral measures. The EU and the US should strive to promote transparency and predictability in the regulatory process to build trust and reduce uncertainty for businesses on both sides of the Atlantic.
- *Remove remaining tariffs for industrial products*

The EU and the US enjoy one of the lowest average tariffs globally, contributing to the most deeply integrated economies in the world. This would be undermined by a costly tariff escalation, especially in industrial products with high volume trade. Rather, the aim should be to eliminate tariffs on a reciprocal basis. The EU generally has slightly higher tariffs on industrial products such as machinery, electronic and transport equipment, and other manufactures.² Thus, reciprocal elimination of tariffs should be considered a US interest. However, it would be beneficial for both American and European companies with manufacturing or final assembly in both markets. A reduction in trade costs for industrial products will increase transatlantic trade and production, enabling diversification and limiting reliance on imports of similar products from other markets.
- *Extend mutual recognition of conformity assessment for industrial products*

To remove non-tariff barriers for key inputs to emerging and critical technologies, the EU and the US should negotiate an agreement to increase the number of conformity assessment bodies (CABs) authorized to test and certify that industrial products meet the requirements for export into each other's markets. Such an agreement does not alter the product requirements set in regulation, standards, or other normative documents on either side. To advance joint EU and US strategic interests, the agreement should cover industrial products including machinery and electrical equipment alongside other product categories to ensure balanced benefits. This could be achieved by adding a new annex to the existing EU-US Mutual Recognition Agreement on Conformity Assessment. The utility of such an agreement is expected to increase as new legislations requiring third party certification to place products on the European Single Market enter into effect. Proper governance through annual meetings of

² For comparison, see the EU's tariff profile [here](#) and the US' tariff profile [here](#).

the joint committee and regular updates of the legal scope must be ensured to deliver the expected outcomes of the agreement.³

- *Enter into a partnership on digital trade*
The EU and the US should aim to conclude a digital partnership addressing data flows, protection of source codes and algorithms, promotion of technology choice, prohibition of customs duties and common approaches to governance of emerging technologies, including cooperation on digital standards. Such partnership would contribute to reduce fragmentation and better position the transatlantic economy to defend shared EU-US values and set global standards.
- *Partner to strengthen the critical minerals and raw materials supply chain*
The development of critical technologies is contingent upon access to critical minerals and the need for these raw materials is increasing exponentially. The EU and the US should conclude a critical minerals agreement to strengthen supply chain resilience in raw materials needed for the development of critical technologies and reduce reliance on geostrategic competitors. The parties should strive to remove regulatory obstacles impeding transatlantic trade in raw materials including domestic content requirements restricting sourcing from each other's territories. Further, the EU and the US should seek to partner through joint investments in international development projects to foster security of supply, as well as in the development of global standards shaping the critical minerals and raw materials supply chain.

To carry out to the above recommendations, an effective governance structure is needed for the transatlantic economic relationship. In the absence of a free trade agreement, the Trade and Technology Council (TTC) has been an important forum to facilitate closer coordination on approaches to trade and technology policy between the EU and the US, notably on sanctions and export controls. However, the forum has so far failed to deliver tangible, commercially meaningful outcomes. We therefore call on EU and US policymakers to establish a governance body with the explicit mission and mandates on both sides to strengthen economic security through increased transatlantic market integration. Close business community involvement is required to successfully deliver the expected outcomes.

About us

The Technology Industries of Sweden (Teknikföretagen) represents about 4,500 member companies that constitute one third of Sweden's exports. Our member companies comprise both major, renowned, global corporations as well as micro, small and medium-sized enterprises. A common denominator is that they are knowledge-intensive and export-oriented companies competing on a global market.

³ For more information, see study on the benefits of an EU-US agreement on conformity assessment by the European Centre for International Political Economy (ECIPE), [here](#).