

*This paper has been drafted by the Confederation of Swedish Enterprise, together with our member organizations, with a special contribution by the Association of Swedish Engineering Industries.*

## **Input from the Swedish Business Community to the third Trade and Technology Council**

*Stockholm, November 8, 2022*

Strengthening the trade relation between the US and the EU remains a key priority for the business community in Sweden. The EU and the US should leverage the Trade and Technology Council (TTC) to facilitate trade, actively engage to promote compatible standards and cooperate in international standards setting, and further deepen cooperation on research, development, and innovation. In preparation for the third ministerial-level meeting of the TTC in December 2022, we would like to present the following priority areas for the Swedish business community. It is of utmost importance that the TTC enters an operational phase as soon as possible and starts to deliver on its ambitious agenda.

- The US and the EU should avoid unilateral actions that damage the relationship and minimize the risk of unnecessary trade barriers. Permanent solutions to the disputes on steel, aluminum, and civil aircraft should be reached.
- Preferably, the existing mandate on industrial goods and conformity assessment should form a basis for potential trade liberalization to reinvigorate transatlantic trade relations.
- The parties should collaborate and enhance dialogue on industrial policy initiatives, including the increased focus on security of supply, to avoid a subsidy race and generate synergies in strategic approaches. Rather than exacerbating a politically driven regionalization process that limits the benefits to be gained from deepened transatlantic trade ties, focus must be to cooperate on research and development initiatives, removing barriers to trade and strengthening the transatlantic trade and investment relationship.
- While we are supportive of the US' increased ambitions to fight climate change, we are concerned by the local content requirements in the Inflation Reduction Act, that raise questions of WTO compatibility. The requirements might limit consumer uptake of electric vehicles and work against the goal of delivering a rapid conversion to green technology. Incentives like the IRA should build upon non-discriminatory climate related criteria that gives all manufacturers and subcontractors the best possible chance to deliver on climate commitments. We fully support the US-EU Task Force on the IRA.
- Regulatory cooperation and harmonization of standards should continue to be a priority where possible. International regulatory cooperation forms a cornerstone for international trade, and the parties shall collaborate in relevant fora to support the further development of the international regulatory framework. The discussions in the TTC should enhance the use of internationally accepted standards within ISO, IEC, ITU and UNECE. The TTC should also facilitate cooperation in international standard setting, not least to support the green transition in new innovative areas, for example in electrification of the transport sector (e.g., charging infrastructure). The WTO/TBT principles for the development of international standards must be followed.
- Building on the EU mandate, the TTC should deliver a roadmap to reach conformity assessment agreements for relevant sectors. Important sectors include automotive, machinery, consumer electronics and home appliances. Joint recognition of conformity

assessment bodies and recognition of test results from internationally recognized laboratories is important to avoid unnecessary duplicative procedures. We support, what is also already discussed, exploring possibilities to use digital submissions for regulatory approvals and conformity assessments.

- The EU and the US should enhance cooperation on issues relating to digitalization, including on AI and cybersecurity. It is important to implement common principles on AI and focus on joint efforts in international standardization on AI. The ability to transfer data between the EU and the US is of utmost importance for Swedish businesses, and we welcome the Executive Order signed by Biden in October which paved the way for the Commission to propose a draft adequacy decision. We urge decision-makers in the EU to adopt the decision when it is presented.
- Advantages can be gained from increased research cooperation and dialogue on joint transatlantic 6G research. Political support is needed alongside technical work to achieve a joint approach that could foster investment in a technology-neutral way.
- We support the need for aligned approaches on the measurement of greenhouse gas emissions. Common methods and standards to track and reduce CO2 emissions would be beneficial and could in the longer term facilitate multilateral cooperation in the area.
- The EU and the US should seek closer alignment of investment screening rules and export controls. The parties should respect the role of the multilateral export control regimes, and at the same time ensure that efforts to address current challenges do not cause unintentional harm to companies from the EU and the US or from other allies.
- The EU and the US should continue, and strengthen, collaboration in multilateral/international fora, e.g., WTO, NATO, and international standardization bodies. The EU and the US should move the WTO agenda forward together, discussing ideas for WTO reform and pushing for the conclusion of ongoing negotiations, such as the plurilateral e-commerce agreement. Discussions between the EU, the USA and Japan on rules to address market distortive practices in the area of industrial subsidies, the role of state-owned enterprises (SOEs), and forced technology transfers should be taken to the next step and proposals put forward for discussion with other WTO members.
- A more productive two-way stakeholder dialogue on specific issues is essential. While the opportunities for stakeholders to provide input are adequate, it is important with a two-way dialogue to make sure the business community can provide concrete input to the TTC in areas where it is most relevant.

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