

## Our position

# AmCham EU Open Trade Agenda



AmCham EU speaks for American companies committed to Europe on trade, investment and competitiveness issues. It aims to ensure a growth-orientated business and investment climate in Europe. AmCham EU facilitates the resolution of transatlantic issues that impact business and plays a role in creating better understanding of EU and US positions on business matters. Aggregate US investment in Europe totalled more than €3.7 trillion in 2022, directly supports more than 4.9 million jobs in Europe, and generates billions of euros annually in income, trade and research and development.

## Executive summary

A more balanced approach to trade, that emphasises openness alongside economic security, is currently needed to ensure long-term European competitiveness and prosperity. Free trade agreements (FTAs), market access, and the reduction of non-tariff barriers should be prioritised. In doing so, the EU can better connect businesses to global growth opportunities while enhancing the resilience of supply chains that they need in the current geopolitically tense environment. Engagement with key trade partners, such as the US and the UK, remains crucial to Europe's economic strength. At the same time, the EU should also conclude and ratify ongoing trade deal negotiations with various countries and blocs around the world. The EU's trade policy must actively support the digital and green transitions by facilitating digital trade and trade in green goods and services, fostering regulatory cooperation with like-minded countries and ensuring coherence between openness and other policy objectives. Ultimately, the EU should continue to actively engage at a multilateral level, leading the effort to strengthen the World Trade Organization (WTO) and make it fit for 21st century challenges.

## Introduction

International trade is a key driver of global economic growth, competitiveness and overall prosperity. Global value chains and trade liberalisation foster economic growth, job creation and innovation, while the reduction of tariff and non-tariff barriers enhances supply chain resilience and offers significant advantages to consumers, companies and workers.

The latest Eurobarometer survey underscores the integral role trade plays in the EU economy, with 62% of Europeans believing that they benefit from international trade. EU exports support 24 million jobs outside the EU and 38 million – [1 in 5 jobs](#) – within the bloc.

The EU is particularly gaining a lead in a growing trade category: digitally enabled services. In 2023, the EU exported \$1.62 trillion in digitally enabled services (including intra-EU and extra-EU) while the US and UK exported \$649 billion and \$438 billion respectively. The value of global trade in digitally delivered products represented about 54% of trade in services in 2022 and has been growing an average of 8.1% annually for almost two decades, outpacing other trade categories like goods or other services.<sup>1</sup> This highlights the need for the EU to remain a key international player in this area.

However, despite trade's critical importance to the EU economy, geopolitical tensions and stagnating competitiveness have made the principles of open trade and multilateralism politically vulnerable. The trend towards unilateral trade, justified under the guise of economic security and strategic autonomy, risks undermining the benefits that open trade brings to businesses, consumers and workers. These tendencies only underscore the importance of secure, diverse supply chains, the need for global cooperation and the value of multilateralism.

In this context, this position paper presents recommendations on how an open EU trade policy can contribute to economic growth, competitiveness and resilience, societal development and the green and digital transitions.

## A new open EU trade policy

In 2021, the European Commission published its '[Trade Policy Review - An Open, Sustainable and Assertive Trade Policy](#)', which advocated for the EU's open strategic autonomy in face of new challenges like the rise of China, climate change and digital transformation. The review was based around three pillars, but did not prioritise them evenly. Sustainability and assertiveness were given priority far ahead of the third pillar, openness. The limited number of FTAs concluded and ratified in recent years shows that market access – ie openness – was not treated

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<sup>1</sup> [https://www.wto.org/english/res\\_e/statis\\_e/gstdh\\_digital\\_services\\_e.htm](https://www.wto.org/english/res_e/statis_e/gstdh_digital_services_e.htm)

as EU trade policy's main objective. Instead, discourse around strategic autonomy and economic security took centre stage, posing protectionist and discriminatory threats, especially against foreign companies.

At the same time, under the European Green Deal, the European Commission has proposed multiple legislative initiatives with a trade dimension like the Carbon Border Adjustment Mechanism (CBAM) and the Deforestation Regulation. However, the elaboration process of these initiatives was characterised by scarce coordination between the leading DGs and DG TRADE, a suboptimal engagement of the Commission with stakeholders and third countries and a lack of proper assessment of the unintended consequences on trade flows. Consequently, these measures now risk creating barriers to trade and investment flows and have weakened trust between the EU and its trading partners, potentially jeopardising ongoing trade negotiations.

The first objective of EU trade policy should be economic growth and competitiveness. This comes from providing access to growth opportunities abroad and to inputs needed for production in the EU. EU trade policy's second objective should be to build strategic resilience rather than strategic autonomy, focusing on diversification of supply, competitiveness, strategic partnerships with reliable countries, access to resources, multilateral rules and a stronger, more efficient Single Market. Autonomy does not bring the resilience that the EU needs for its own competitiveness and security. Openness has brought prosperity and stability to Europe for two generations. Protectionism, isolationism and 'sovereignty', meanwhile, have typically led to economic crises. Hence, the openness pillar should be made a priority for the next mandate and be better balanced with economic security objectives.

The new EU Commissioner for trade will also oversee the economic security portfolio. It is of the utmost importance that the open trade dimension is not once again overshadowed by a focus on economic security. DG TRADE should align itself with and contribute to the new EU competitiveness agenda, advocating against regulations and rules that put a brake on trade specifically and competitiveness generally. To promote an open and rules-based trade agenda in the next mandate, there is need for a European Commissioner who prioritises the trade pillar of their portfolio and maintains a balance between trade and economic security, coupled with a stronger negotiating branch of DG TRADE.

## Boosting EU bilateral and multilateral engagement

### Pursue an ambitious agenda of FTAs and mini-deals

FTAs still play a key role in connecting EU businesses to important sources of growth and new market opportunities. These comprehensive agreements balance competition and ensure level playing field, reinforce the resilience of supply chains, limit risk by diversifying imports and exports and increase social and sustainability standards globally. For these reasons, the EU should prioritise key comprehensive FTAs, concluding and ratifying ongoing trade deals and engaging in trade talks with new partners.

The EU should:

- Ratify deals with Mercosur, Mexico and Chile;
- Conclude negotiations with Australia, Indonesia and India;
- Advance negotiations with Thailand and the Philippines;
- Reopen negotiations with Malaysia;
- Work towards agreement with the ASEAN (Association of Southeast Asian Nations) countries and consider joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP);
- Ratify the investment chapter of the EU-Canada Comprehensive Economic and Trade Agreement (CETA);
- Improve the EU-Africa trade relationship, especially in services trade;
- Avoid the reopening of already concluded FTAs, as this would greatly affect the EU's credibility as trading partner;

- Launch new FTA negotiations with countries that are important for key sectors in the EU, like services sectors;
- Have EU-only agreements to guarantee a speedy ratification of agreements;
- Avoid overloading FTAs with other policy objectives to avoid slowing down the conclusion of trade agreements;
- Tailor the agreement to partners' specificities, instead of trying a one-size-fits-all approach.

Market access is not just a matter of tariffs, but also of non-tariff barriers and regulatory differences. The EU should explore alternative solutions to FTAs when necessary to move the trade agenda forward and reduce barriers to trade and investment. Sectoral deals and mini-deals (especially those that stay within clear Commission competences) could play a greater role in the next mandate.

The EU should:

- Pursue negotiations of sectoral partnerships such as legally binding market access commitments. These should include digital partnership agreements (in particular digital trade agreements on cross-border data flows), critical minerals partnerships and clean trade and investment partnerships (to facilitate trade in green goods and services), as mentioned in Commission President von der Leyen's mission letter to Commissioner-designate Šefčovič. International partnerships supporting medicines trade and supply are another area of strong opportunity. As noted in the Draghi report, such partnerships help to reinforce wider EU strategies in biotechnologies and critical medicines;
- Promote mutual recognition agreements (MRAs);
- Strengthen regulatory cooperation with reliable partners, in particular the US and the UK, including through greater interoperability of regulatory frameworks (e.g., cybersecurity);
- Explore the possibility to expand the Trade and Technology Council (TTC) network to other strategic partners.

Lastly, it is fundamental that agreements are correctly implemented and enforced, making them effective over time.

## Strengthen and manage bilateral relations with key trade partners

### United States

The EU-US relationship should continue to be the EU's core international focus. The US and Europe remain each other's most important markets and geo-economic base. The \$8.7 trillion transatlantic economy is the largest and wealthiest market in the world. Ties are particularly thick in foreign direct investment (FDI), portfolio investment, banking claims, trade and affiliate sales in goods and services, digital links, energy, mutual research and development investment, patent cooperation, technology flows and sales of knowledge-intensive services. US-EU goods trade hit a record of [\\$946 billion in 2023](#). The US and Europe are also each other's primary source and destination for FDI. However, multiple barriers remain to even greater and beneficial economic integration.

The EU and the US should:

- Build a Transatlantic Single Market, as recommended by the Letta report, by facilitating trade and investment between the EU and the US, removing existing barriers, boosting regulatory cooperation and convergence, agreeing on common standards and mutual recognition, aligning approaches to digital tools and implementation of customs facilitation measures, coordinating on financial services rules, promoting cooperation on research and innovation and guaranteeing cross-border data flows (delivering on Draghi's vision of building a 'low-barrier digital transatlantic marketplace');
- Deepen regulatory cooperation across the Atlantic to remove existing and potential barriers to trade and investment in the name of national security, especially through de-risking strategies;

- Ensure alignment and coordination of strategic investments to strengthen the resilience of global supply chains;
- Continue the ongoing work under the EU-US TTC, building a TTC fit for the future by refining its objectives, simplifying its workstreams and increasing transparency and stakeholder engagement;
- Resolve outstanding trade disputes, in particular the Section 232 tariffs on steel and aluminium imports, the aircraft subsidies dispute and the frictions created by the Inflation Reduction Act. This can be done by removing existing tariffs, securing a Critical Minerals Agreement and reaching a Global Arrangement on Sustainable Steel and Aluminium;
- Conclude an EU-US mini-deal by expanding the MRA on conformity assessment for products, especially for machinery, new technologies and green goods, as well as expanding the scope of the pharmaceutical Good Manufacturing Practices MRA, including for vaccines;
- Seek a transatlantic agreement on technology procurement, ensuring equal access to public procurement markets for cloud, AI and other emerging technologies (as highlighted in the Draghi report).

### United Kingdom

The UK is a critical market, accounting for a quarter of all US FDI in Europe. However, while the Trade and Cooperation Agreement (TCA) between the EU and the UK establishes a framework for new business relations, companies already operating across Europe are facing increased costs, uncertainty and trade friction due to substantial compliance expenses, the reintroduction of trade barriers and new regulatory and customs requirements.

The EU and the UK should:

- Maintain regulatory alignment and cooperation, avoiding divergence which creates uncertainty that impacts jobs and investment;
- Ensure the effective implementation of the EU-UK TCA and the Windsor Framework;
- Prepare for the review of the EU-UK TCA, due to start in May 2026;
- Collaborate on geopolitical and economic issues to drive a shared agenda.

### China

China remains an important market for companies operating in the EU, which have built complex and intertwined supply chains with China over the last 30 years. China also remains a necessary partner to tackle global challenges. Nevertheless, many EU and US companies experience an asymmetrical business relationship, an unlevel playing field in China and unfair competition in the EU market.

The EU should:

- Keep engaging with Beijing at different levels, while also upholding fundamental principles, such as a commitment to free trade, fair competition and the rule of law;
- Apply autonomous regulatory measures where needed to address the distortion created by China and safeguard a level playing field with Chinese companies, but only using these tools in a targeted and temporary manner and as a last resort to limit negative externalities on industry;
- Actively coordinate with like-minded partners, in particular the US, and encourage plurilateral efforts to deal with common challenges posed by China through existing cooperation forums like the EU-US TTC, G7 and OECD.

## Drive progress at the WTO

To reap the benefits of trade, businesses need an open, rules-based and stable international trading system with a well-functioning WTO at its heart. However, a deep reform of its role and rules is necessary to ensure it remains a valuable, agile and legitimate tool to drive global economic growth and prosperity. The EU should continue to actively engage at a multilateral level, leading the effort to strengthen the organisation and make it fit for 21<sup>st</sup> century challenges, especially in the current context where other major players like the US are not investing in the WTO.

The EU should:

- Remain the main supporter of the multilateral trading system and engage constructively in keeping the WTO as the guarantor of global rules for international trade;
- Drive WTO reforms, in particular aiming to agree on a new binding dispute settlement system and streamlining the adoption of plurilateral initiatives;
- Defend the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights given the fundamental importance of intellectual property rules for advancing innovation;
- Lead plurilateral efforts to elaborate new international rules on e-commerce, climate change, environmental protection, industrialisation and subsidy races, with the aim of integrating these new rules in the WTO multilateral framework;
- Call to renew the General Agreement on Trade in Services market access negotiations or Trade in Services Agreement negotiations.

## Maintain coherence between open, rules-based trade and other policy priorities

An open trade policy should be seen as an enabling tool for other policy objectives and not as incompatible with priorities like the green transition, competitiveness or economic security. Openness and these other policy objectives are not mutually exclusive. On the contrary, an open trade agenda can contribute to achieving those objectives. However, coherence among these policy goals is fundamental to avoid unintended consequences that would affect economic growth and prosperity.

### Economic security and strategic autonomy

Economic security is the product of a competitive, diversified and resilient environment that is conducive to and provides certainty for business operations, with stable institutions and growing prosperity for citizens in a changing geopolitical landscape. Economic security relies on the interplay between favourable economic, financial, political, geopolitical, institutional, regulatory, digital and societal conditions. The main objective of economic security should be to guarantee strategic economic resilience, especially of supply chains. Resilient supply chains mean a supply chain that is able to persist, adapt or transform in the face of a changing economic and geopolitical landscape, thereby ensuring certainty for businesses.

A Europe that is strong and resilient on the international scene has open-eyed trade and investment policies. These policies recognise the benefits of open trade but are also realistic about changes to the wider geopolitical context. In this sense, reliable partnerships with a diversified pool of countries, especially countries that share the values of democracy, rule of law and human rights, like the US, play a key role in providing the EU with strategic resilience. An overemphasis on 'strategic autonomy', that does not balance openness with realistic assessments of geopolitical challenges, risks harming economic security.

The EU should:

- Bolster the ‘Promote’ and ‘Partner’ pillars of the [European Economic Security Strategy](#), developing economic security standards for key supply chains with G7 countries and other like-minded partners, as mentioned in the mission letter to Commissioner-designate Šefčovič;
- Use trade remedies and the economic security toolbox in a transparent, targeted, temporary and last-resort manner to address unfair trade practices. Such measures should only be used after a careful assessment of their impact on trade and investment;
- Establish strategic partnerships with reliable countries, rather than taking an EU-first approach or pushing for re-shoring;
- Ensure that rules, including for procurement, are neutral and non-discriminatory against non-European companies, especially if from like-minded countries;
- Closely align with allies and like-minded countries on issues such as export controls or outbound investment regimes to forge collective economic resilience and ensure a coordinated approach to protecting critical and emerging technologies.

### Industrial policy and competitiveness

Trade policy plays a crucial role in increasing competitiveness, which is essential for economic resilience in Europe. However, making Europe more competitive does not require the region to turn its back on its long-standing commitment to openness. Unfairly discriminating against non-European companies would not help the EU achieve its competitiveness objectives. As a knowledge-driven, open economy, effective intellectual property rules are important for allowing innovations from Europe to find a market globally. Openness to imports and exports gives businesses the agility and flexibility needed to be resilient against external shocks, while also facilitating access to new technologies and economic growth taking place in other parts of the world.

The EU should:

- Prioritise Europe’s strategic partnerships, which can deliver benefits such as lowering the cost of energy for businesses and consumers and preventing supply chain disruptions;
- Avoid imposing additional tariffs on imported goods used by downstream EU industries when adopting trade defence or compensatory measures, as this offsets other initiatives to boost competitiveness;
- Actively involve DG TRADE in the new competitiveness agenda;
- Assess the impact of new EU legislation and regulation on EU competitiveness, for instance by using a Competitiveness Scorecard (see [here](#) the AmCham EU Competitiveness Scorecard).

### Green transition and sustainable development

Trade policy should not be seen as the silver bullet nor as an obstacle to achieving the EU’s sustainability goals, but it should be treated as an accompanying tool and enabler of the green transition and United Nations Sustainable Development Goals. An open trade policy can help disseminate clean goods and services, remove barriers to sustainable investment and drive sustainable growth in the EU and third countries. At the same time, the many new green regulations with a trade dimension that were introduced during this last mandate have started to impact global supply chains, posing burdens on the businesses and creating tensions with key trade partners. It is important to balance trade facilitation and compliance with these new initiatives in a way that does not affect the EU’s competitiveness, while also striving to achieve common sustainability goals in collaboration with trade partners.

The EU should:

- Avoid the temptation to lean towards protectionist measures. This includes measures in violation of WTO rules which limit not only free and fair trade, but also business’ ability to collaborate in bringing about scalable, innovative and transformative solutions to support the green transition;

- Better cooperate with reliable partners through FTAs, mini-deals (eg MRAs on green goods and clean trade and investment partnerships) or other deals like sustainable investment facilitation agreements to create common understanding and facilitate trade and investment in green goods and services, being mindful of the specificities of the trade partners;
- Cooperate with the US under the TTC and the Transatlantic Initiative on Sustainable Trade framework to build a transatlantic green market, including collaboration on common definitions (eg of green goods and services), alignment on methodologies (eg for calculation of carbon emissions), standards and certification schemes for products, services and production processes and environmental reporting;
- Enhance cooperation with the US on green steel and green aluminium, possibly building on cooperation in the context of the Global Sustainable Arrangement for Steel and Aluminium negotiations;
- Reform the EU Generalised Scheme of Preference (GSP) to help reduce poverty, implement high labour standards, advance sustainable development, increase environmental protection and encourage good governance;
- Include CBAM in all future or revised EU trade agreements, so that trading partners can adjust their policies and reach convergence with the EU;
- Favour the creation of a carbon customs with countries that have an existing FTA with the EU, by which member countries, committed to the Paris Agreement's goals and having adopted similar level of carbon prices, would impose no Carbon Border Tax on each other;
- Resume negotiations on the WTO Environmental Goods Agreement and expand its scope to include a wider range of environmental goods and services, with the aim of reducing tariffs and other barriers to trade in these products.

### Trade and the digital transition

An open trade policy plays a fundamental role in supporting the EU's digital agenda and the EU competitiveness, especially since the EU is the world's largest exporter and importer of digitally deliverable services. Digital trade facilitates the participation in particular of SMEs and developing countries, reduces trade costs and promotes innovation.

The EU should:

- Show strong leadership at the WTO to ensure the continuation of the Moratorium on Customs Duties on Electronic Transmissions and the successful conclusion of the Joint Statement Initiative on e-commerce. The extension of the Moratorium must be a top priority for the EU and the US, considering the costs and the negative impact that its termination would have on businesses and consumers in their respective markets, even beyond the digital sector;
- Ensure that current and future bilateral FTA negotiations include a strong digital chapter with provisions that are ambitious in terms of enabling the flow of data across borders, preventing arbitrary data localisation/mirroring requirements (as mentioned in the mission letters to Commissioners-designate Šefčovič and McGrath), protecting critical intellectual property and prohibiting forced technology transfers;
- Accelerate the conclusion of digital partnerships with reliable partners, including binding provisions on cross-border data flows. For example, the EU and the US should work on a full Digital Agreement Partnership with a proper digital trade agreement covering rules on cross-border data flows, protection of source codes and algorithms, promotion of technology choice, prohibition of customs duties and promotion of common approaches to governance of AI, cybersecurity, etc.