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# DIGITALEUROPE priorities for relaunching the transatlantic agenda



## Introduction

DIGITALEUROPE congratulates President-elect Joe Biden and Vice-President-elect Kamala Harris on their electoral victory, and looks forward to working with the new US Administration to reboot the transatlantic digital agenda. We welcome the initiative taken by the European Commission for the EU and the US to launch a collaborative tech agenda aimed to “join forces as tech-allies to shape technologies, their use and their regulatory environment”, including through an EU-US Agreement on AI, a green tech alliance, and by establishing a Trade and Technology Council.

This agenda should bring together trade policy, collaboration between our industries, and regulatory cooperation to set global standards – indeed, practically every aspect of our shared digital ecosystem has a crucial transatlantic component. Especially as Europe and the United States make their way out of a devastating pandemic, we believe the Transatlantic digital economy has played a crucial role in keeping our lives and economies connected and will play an even more important role in our economic recovery. After all, 610,000 European SMEs export outside the EU, and are global leaders in digitally-intensive sectors<sup>1</sup>. In the US, two thirds of SMEs report digital tools as essential in providing international market access<sup>2</sup>. Transatlantic digital trade is a win-win scenario in uniquely challenging times.

Looking to the months ahead, we set out below **six priorities from Europe’s digitalised industries** to relaunch the transatlantic agenda, first and foremost through setting the direction of the Trade and Technology Council. DIGITALEUROPE believes there is currently a unique opportunity for both governments to focus on mutual benefit based on shared goals, and to avoid further rifts in the EU-US relationship. We look forward to working with government and industry partners in the EU and the US towards achieving these ambitions, and navigating the combined digital and green transformations together.

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<sup>1</sup> [“The role of SMEs in extra-EU Exports”](#) (May 2020).

<sup>2</sup> [“Growing Small Business Exports: How Technology Strengthens American Trade”](#) (October 2019)



## Priority areas for EU-US cooperation

### 1. Launch a common digital trade and investment agenda for economic recovery

The EU and the US are each other's biggest trading partners, enjoying the [largest bilateral trade relationship in the world](#). This is responsible for millions of jobs on both sides of the Atlantic, half of global personal consumption, and nearly one third of the global GDP. DIGITALEUROPE therefore strongly believes that **economic recovery and resilience should be at the heart of the EU-US relationship**. Identifying irritants and barriers to digital trade in particular and seeking a joint transatlantic solution to those will be key to enabling trade relations between both regions as well as global exports for European and American economic operators. **We invite both governments to seize this opportunity to formulate a positive economic agenda – including through placing digital investment at the core of recovery strategies**. DIGITALEUROPE has already developed an [investment plan for Europe](#) on the latter, which presents our proposals for best practices and new ideas for resilient, digitally-driven recovery.

### 2. Agree a new framework for transatlantic data flows

The United States currently lacks a federal comprehensive baseline privacy and data protection law. It is unclear if the Biden administration will give priority to a federal privacy law in the immediate future, but Congress continues to study the issue. States are expected to continue to consider proposals and are likely to pass new regulations, such as the law recently instituted by the state of California.

The European Court of Justice ruled in July 2020 that the Privacy Shield did not offer sufficient protections to European personal data. Such an agreement is critical to maintaining commercial transatlantic ties, as we showed in our [cross-sector study](#) on the outcome of this ruling: of 292 companies surveyed, 85% relied on standard contractual clauses to transfer data outside of the EU, and 94% of these were using SCCs for EU-US data transfers specifically.

We therefore urge the incoming US Administration to **support the continuation of discussions with the EU to implement a new agreement that guarantees stronger privacy protections**. This will be key to reinvigorating the transatlantic relationship, and in showing a common front regarding other major economies who introduce incompatible schemes for data transfers.

In a similar vein, we also **welcome the ongoing negotiations amongst the EU-US authorities on the transatlantic data sharing of electronic evidence**. Striking an agreement between the US CLOUD Act framework and the soon to be EU eEvidence framework is of paramount importance for criminal investigations and a pivotal component in transatlantic data transfers.

### 3. Relaunch the bilateral negotiating agenda

The EU and the US not only remain each other's largest trade and investment partners but are two powers with common interests, common principles and common values which when pulled together can build something greater than the sum of their parts. It is of strategic importance that both partners cooperate given that more GDP growth will be generated outside than within their respective internal markets, including through setting and maintaining international standards. DIGITALEUROPE also **regrets the increase in tariff disputes between the two parties and welcomes efforts from both sides to achieve workable compromises.**

Therefore, we strongly encourage a renewed deep engagement to ensure the transatlantic partnership can remain strong and contribute to finding shared solutions on bilateral as well as global trade challenges. As a first step, the two partners should **immediately relaunch negotiations on conformity assessment and tariffs on industrial goods, with a view to identifying further areas where such approaches can be beneficial.** We also welcome the European Commission's ambition to launch a transatlantic green trade agenda.

#### **4. Join forces in support of the multilateral trade framework**

Considering the global dimension of our Industry, the WTO is key to international coordination and cooperation. It is the sole multilateral organisation with an instrument, if operable, that guarantees the rule of law through a specific Dispute Settlement Body. The latter should be restored as soon as possible since its dysfunctional status permits – or even promotes – the imposition of both tariff and non-tariff barriers. **The EU and the US should jointly commit to a strengthened and reformed WTO, which better responds to today's challenges, such as Covid-19 and protectionism.** An improved functioning of the Trade Policy Review Mechanism – beyond “name and shame” – should be considered, improving the WTO's effectiveness in pointing out protectionist tendencies and policies and unfair practices, relying always on an evidence-based approach.

The **WTO eCommerce work track** has the potential to truly unleash the economic benefits of digitalisation. This is particular true regarding the opportunity to set global rules on cross-border data flows, which are the lifeblood of the global digital economy, as has been shown especially in industry and citizens' adjustment to the unique circumstances of the Covid-19 pandemic. In addition, the geographical and product expansion of the **Information Technology Agreement** – and close attention to its implementation – is a key priority that can go hand in hand with the eCommerce discussions. Moreover, the new WTO and Climate proposal offers great promise to contribute to a global green transformation where jobs, digitalisation, and sustainability go hand-in-hand. **The EU and the US should use their combined negotiating strength to provide all of these negotiations with vital political momentum.**

The US-EU-Japan Trilateral and other fora such as the G20 allow for the EU and like-minded partners such as the US to work together to address measures adopted by other major economies which cause disruptions and imbalances in the global trade ecosystem. **The transatlantic partnership should continue to look beyond bilateral relations to translate shared challenges into global solutions** on issues

such as foreign subsidies and state-owned enterprises, forced technology transfer, and data localisation.

## 5. Collaborate on regulatory frameworks, standards and export controls in emerging technologies

Trust in new technologies, such as AI, and innovation around these technologies is best supported when policy objectives and regulatory requirements build on voluntary industry-driven practices and standardisation to support implementation. That way, compliance with policies and regulatory requirements as well as interoperability between different implementations can be achieved without limiting the potential for innovation by mandating specific technology choices. When designing regulatory measures, it is key to focus on risk assessment frameworks that not only take into account the potential risk stemming from the use of emerging technology, such as AI, but also the opportunity cost of not implementing such measures in a given field. **The EU and the US should take these considerations into account as part of the important task of regulatory cooperation.**

**The EU and the US should also work together to set truly global standards in emerging technologies**, that can allow their industries to compete and innovate on a global scale. This will be especially important for the EU-US green tech alliance.

Both in the US and the EU, domestic discussions targeted at the platform economy are ongoing, with Europe leading the way with the proposed Digital Services Act and Digital Markets Act to address issues such as competition and online content. **We generally see an opportunity and benefit in closer alignment between both partners to avoid outcomes that single out specific companies, business models or sectors.** Closer talks will allow for coordination and to promote consistency across the Atlantic to ensure better outcomes for consumers.

Finally, emerging and enabling technologies risk falling under unilateral export control measures, leading to a fragmentation of the digital ecosystem and global supply chains. The EU and US should try to **seek a common approach on export control of dual use items and emerging technologies at the level of the Wassenaar Arrangement.**

## 6. Cooperate towards an international solution for taxation of the digitalised economy

Tensions between the US and EU on digital taxation ramped up in 2020 after the outgoing Administration called for a pause in multilateral talks. The EU has announced that, barring the success of efforts by the OECD, it will press ahead with plans for a bloc-wide digital tax in June 2021. We urge that the EU and the **US find meaningful ways to re engage in multilateral negotiations at the OECD, with a view to both parties (and in the case of the EU, Member States) deferring to a global framework for digital taxation**, rather than unilaterally-adopted measures.

FOR MORE INFORMATION, PLEASE CONTACT:



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## About DIGITALEUROPE

DIGITALEUROPE represents the digital technology industry in Europe. Our members include some of the world's largest IT, telecoms and consumer electronics companies and national associations from every part of Europe. DIGITALEUROPE wants European businesses and citizens to benefit fully from digital technologies and for Europe to grow, attract and sustain the world's best digital technology companies. DIGITALEUROPE ensures industry participation in the development and implementation of EU policies.

# DIGITALEUROPE Membership

## Corporate Members

Accenture, Airbus, Amazon, AMD, Apple, Arçelik, Bayer, Bidao, Bosch, Bose, Bristol-Myers Squibb, Brother, Canon, Cisco, DATEV, Dell, Dropbox, Eli Lilly and Company, Epson, Ericsson, Facebook, Fujitsu, Google, Graphcore, Hewlett Packard Enterprise, Hitachi, HP Inc., HSBC, Huawei, Intel, Johnson & Johnson, JVC Kenwood Group, Konica Minolta, Kyocera, Lenovo, Lexmark, LG Electronics, Mastercard, METRO, Microsoft, Mitsubishi Electric Europe, Motorola Solutions, MSD Europe Inc., NEC, Nokia, Nvidia Ltd., Oki, OPPO, Oracle, Palo Alto Networks, Panasonic Europe, Philips, Qualcomm, Red Hat, Ricoh, Roche, Rockwell Automation, Samsung, SAP, SAS, Schneider Electric, Sharp Electronics, Siemens, Siemens Healthineers, Sony, Swatch Group, Tata Consultancy Services, Technicolor, Texas Instruments, Toshiba, TP Vision, UnitedHealth Group, Visa, VMware, Workday, Xerox.

## National Trade Associations

**Austria:** IOÖ

**Belarus:** INFOPARK

**Belgium:** AGORIA

**Croatia:** Croatian

Chamber of Economy

**Cyprus:** CITEA

**Denmark:** DI Digital, IT

BRANCHEN, Dansk Erhverv

**Estonia:** ITL

**Finland:** TIF

**France:** AFNUM, Syntec

Numérique, Tech in France

**Germany:** BITKOM, ZVEI

**Greece:** SEPE

**Hungary:** IVSZ

**Ireland:** Technology Ireland

**Italy:** Anitec-Assinform

**Lithuania:** INFOBALT

**Luxembourg:** APSI

**Netherlands:** NLdigital, FIAR

**Norway:** Abelia

**Poland:** KIGEIT, PIIT, ZIPSEE

**Portugal:** AGEFE

**Romania:** ANIS, APDETIC

**Slovakia:** ITAS

**Slovenia:** GZS

**Spain:** AMETIC

**Sweden:** Teknikföretagen,

IT&Telekomföretagen

**Switzerland:** SWICO

**Turkey:** Digital Turkey Platform,

ECID

**Ukraine:** IT UKRAINE

**United Kingdom:** techUK