

## **IEA Submission: Comments on the Work Plan of the EU-US Trade and Technology Council Working Group on Global Trade Challenges**

*Irish Exporters Association submission to the Department of Enterprise, Trade, and Employment*

17 December 2021

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### **Overview: The Irish Exporters Association**

The Irish Exporters Association (IEA) is the leading independent representative body and voice for exporters based in Ireland. The IEA represents exporters and supply chain operators across the country and works at regional, national, and European level, representing its members in front of legislators to create a regulatory and legislative framework that supports, drives, and fosters Irish exports.

We assist our members to grow their exports to world markets and drive the growth and development of all exporting businesses based in Ireland. We provide a set of highly relevant business services and products to assist our members with international trade.

- We **represent** the needs of members in the development of policy, lobbying, intervention at Government and EU level and in the media. Brexit and the Diversification of Export Markets, Trade Compliance, Climate Change & Sustainability and their impact on Irish exporters are core to our work.
- We offer **trade services** in the form of practical training, support, and advice right across the supply chain including our Certificate in International Trade, customs awareness, GDP, export and import compliance, consular, business travel support (visa and export documentation), route to market and general assistance with trade related queries.
- We have created **knowledge networks** among our membership to support our members in exploring new markets, route to market scenario planning, understand customs and supply chain challenges and provide thought leadership through a series of events and webinars. Networking and connectivity remain an important part of membership benefits. Our Export Industry Awards programme is our flagship event that celebrates the achievements of exporting companies and highlights the importance of the export sector to Ireland.

The IEA represents the whole spectrum of companies within the export industry including SME's who are beginning to think about exporting for the first time right through to global multinational companies who are already extensively exporting from Ireland as well as the providers of key services to the sector. The IEA is the connecting force for Irish exporters, providing practical knowledge and support across the Island of Ireland and in foreign markets.

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Guiding questions for stakeholder inputs and comments on EU-US Trade and Technology Council Working Group on Global Trade Challenges (WG 10)

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**1. Inputs on work strand on challenges from non-market economic policies and practices;**

- ***Which specific non-market distortive policies and practices do you consider to pose particular challenges for EU workers/businesses, both across sectors and/or in relation to specific sectors, and why?***

We believe that the ban on non-competitive agreement, in Article 101 of the Treaty on the Functioning of the European Union (TFEU) is an excellent example of the type of action necessary to prevent non-market distortive policies. It shows that “simple” steps can allow businesses to flourish and customers to decide which business is worth investing in.

In order to identify specifically what non-market distortive policies exist in the EU, it would be useful to conduct case studies and/or surveys of companies in various sectors to hear what the issues may be directly from the industry.

- ***In what way do you think the EU and the US could most effectively cooperate to address these specific policies and practices?***

Item 1 of the action plan, on sharing information on non-market distortive policies and practices, should be considered a top priority here. It is vital for both EU and US workers and businesses to be protected against these policies in order to avoid, or at least minimise, trade disruptions. Having an open line of communication between both sides would allow us to address these concerns when they arise and immediately work toward resolving them.

Secondly, performing a thorough analysis of existing non-market distortive policies on both sides would be needed to bring this priority forward. Having a clear idea of the hurdles businesses may face when trading on either side of the Atlantic will grant policymakers the tools necessary to promote positive long-term trade relations between the EU and the US.

- ***Have you encountered specific non-market, distortive policies and practices that have a negative impact on your (commercial) interests in third countries (i.e. countries other than the country from which the distortive policies/practices originate) or which you consider hinder development of the third country concerned? Which ones do you consider particularly damaging?***

Being a representative for Irish businesses both nationally and at an EU level, our interests are directly impacted when our members encounter issues in third countries.

- ***Any other priorities the EU and the US should pursue in this TTC work strand on non-market distortive policies and practices?***
- ***Other suggestions/concerns/questions relating to challenges from non-market economic policies and practices?***

## 2. Inputs on work strand on avoiding new and unnecessary barriers to trade and investment in products and services of emerging technology;

- ***Which significant barriers to trade or investment in the area of new and emerging technologies do you consider risk arising or emerging, e.g. in the context of the digital and green transition of economies or the recovery from the COVID pandemic?***

In the EU, there may be overly stringent regulations around technology which put an undue burden on emerging businesses, such as GDPR compliance. These measures, while important for the safety and privacy of European citizens, will have to be communicated in a way that ensures American businesses are not deterred from investing or trading in the EU.

There is also a growing concern surrounding theft of intellectual property (IP) and it would be advisable for the EU and the US to develop a transatlantic agreement on how to manage IP protection. It would have to include a strong enforcement system and possibly economic sanctions on third countries, should there be issues with IP theft.

With regards to COVID-19, while the EU has provided significant amounts of COVID support, financial or otherwise, we believe that we must now turn toward a coexisting phase with the virus which looks at promoting investments, cooperation, and trade within the block. These considerations must be made in the interest of public health, which, in our view, also includes the opportunity for business to grow, innovate, and for workers to be certain they will be safe.

It must be acknowledged that the measures to combat COVID in the EU have been much more stringent than in the US (apart from reopening borders for international travel), which may lead to a faster economic recovery on their side. It may also lead American companies to feel reticent about engaging in business in Europe, fearing future restrictions will negatively impact their activities. It is therefore of paramount importance for the EU to strike the right balance between public health, the long-term economic impact, while also taking into account their diplomatic and trade relations with the US.

- ***What concrete actions/co-operation would be needed from the EU and the US side to most effectively prevent/address such barriers?***

Expediently identifying potential new unnecessary barriers to trade should be the top priority here, in order to ensure businesses on either side are not penalised for their innovation.

On the European side, we believe that the EU should commit to becoming more business-friendly when considering future policies, as well as improving EU countries' score on the Ease of Doing Business Index collated by the World Bank.

As environmental protection and sustainable business practices become more prevalent, we must remember that while they are highly important, so is the prosperous development of new and emerging technologies. As such, we suggest that the decisions made with regards to new environmental standards take into account the challenges of new companies, especially SMEs.

- ***Which are the key areas in which the EU and the US should focus work? Which are the solutions/outcomes they should pursue?***

Following the identification of unnecessary barriers to trade in the context of new and emerging technologies, formal agreements should be made between both entities to prevent these barriers from arising.

- ***Other priorities/suggestions/questions in relation to avoiding new and unnecessary barriers to trade or investment in products and services of emerging technology?***

### 3. Inputs on work strand on promoting and protecting labour rights and decent work;

- ***For each of the 4 identified actions focusing on labour rights and decent work identified in the Pittsburgh statement Annex V, what do you think should be the top priorities and why?***

We believe that the order of the priorities should be as follows:

First of all, item 3 of the action plan, on discussing the impact of technology labour markets, should be the top priority here, as it would encourage businesses in the EU and in the US to examine their policies and practices. Without a good understanding of these practices and how they are directly impacting workers, there is a lesser need for sharing information on best practices.

Therefore, item 1 of the action plan should become item 2 – after gaining a thorough understanding of the situation both in the EU and the US and the impact on workers, it is necessary to share information on the best practices to respect fundamental labour rights and development new enforcement initiatives.

Then, item 2 would become item 3. Promoting fundamental labour rights during multilateral fora will be incredibly important: it would allow citizens to be informed of their rights and allow companies to learn or further develop their knowledge on the topic.

Lastly, item 4 would remain in the same position for the reason that information on implementation can only be shared if indeed labour provisions are adopted, and the background information assiduously analysed.

- ***What concrete actions/co-operation would be needed from the EU and the US side to take these priorities forward?***

On the US side, we believe there is a lack of social protection policies aimed at protecting workers, which would complicate discussions around the impact of technology on labour markets. Having more of these policies in place would allow for the discussions to be focused on ensuring that businesses on both sides are behaving in accordance with said policies and on an equal footing. We therefore encourage our American counterparts to take this into account when discussing future policies.

Working toward the harmonisation of labour policies should therefore be the first concrete action taken by the EU and the US. This harmonisation plan needs to include an enforcement strategy to ensure workers are adequately protected, as we strongly believe that contented and safe workers will promote better long-term business practices.

- ***Any additional priorities the EU and the US should pursue in this TTC work strand on trade and labour?***
- ***Other suggestions/concerns/questions relating to EU-US cooperation on trade and labour issues?***

#### 4. Inputs on possible work strand on trade and environment issues.

- ***Do you agree that each of items envisioned by the Pittsburgh statement Annex V should be proposed as priorities for EU-US cooperation on trade and environment/climate issues? What should be the order of priority (if any) among those items?***

We agree with each of the items put forth in the Pittsburgh Statement Annex V. The importance of Environmental and Climate policies, which are growing rapidly in number every year, is well reflected in the paragraph. The IEA strongly believes that sustainable business practices will become vital and unavoidable in the near future and as such they should be adopted by the two largest markets in the world with the utmost urgency. However, supporting the transition to a more circular economy should find itself higher on the list of priorities for the reason that it is the steppingstone to further sustainable trade decisions.

- ***What should be the concrete actions/exchanges under each of the cooperation items that the EU and the US should prioritize and why?***

The EU and the US should prioritise the development of a joint trade-related climate action plan in the context of this Trade and Technology Council, while respecting existing US and European climate legislation, taking into account the United Nation's Sustainable Development Goals (SDG) and/or the UN Global Compact, and keeping both our best trade interests to the forefront. If the two largest markets in the world take the lead and collaborate on the drafting and agreeing of trade-related environmental policies, it will have a remarkable effect on the rest of the world.

Secondly, we believe that a classification system for large companies should be created, on the basis of their ethicality and respect of agreed environmental policies. This ranking system could be modelled on the existing B Certification or Transparency Index created by Fashion Revolution. This index measures how much information individual brands have and publicly share with the public regarding their human right and environmental impact across their value chains. Points are awarded to brands who disclose this information on their own platforms. However, this index does not look at the impact of these brands' practices, which would be necessary for the creation of a new system.

Additionally, having a harmonised system between both the EU and the US which would be required to inform customers or users of the benefits or drawbacks (e.g. environmental impact on product, its origin, the companies' ethicality, respect of environmental practices, etc) of certain products e.g. traditional cars vs electric, different building materials, chemicals, only to name a few, would be useful.

Furthermore, both the US and the EU should be stricter with regards to practices such as green washing, which are not achieving the desired results. Stricter rules around the practice would deter companies from engaging in it and instead turn to other, more sustainable, alternatives.

We should also invest more in and encourage green procurement, as highlighted in the Pittsburgh Statement.

Lastly, it may be interesting to form a separate committee which would focus on researching new source materials, such as mycelium bricks in the construction industry, in order to determine if these materials are an alternative to take into account when making trade-related decisions.

- ***Which additional priorities, actions, exchanges do you suggest for this work strand on trade and environment in the Working Group on Global Trade challenges?***

It would be advisable to focus intently on sustainable supply chains and promote an urgent transition towards them on both sides.

- ***Other suggestions/concerns/questions relating to EU-US cooperation on trade and environment issues?***

We would like to know how these priorities will be monitored, namely how their successful implementation and later impact will be measured.