

October 17, 2023

The President

The White House

Washington, DC 20500

Dear Mr. President:

As you prepare for the October 20 U.S.-EU Summit, the undersigned associations encourage you to push back against regulatory overreach and protectionist tendencies in Europe that threaten to restrict trade, undermine U.S. competitiveness, and stifle innovation.

At \$7.1 trillion, the U.S. and EU enjoy the world's largest economic relationship. Millions of American jobs are tied to the health of that relationship, and we believe that deepening those bonds will contribute to our economic and national security. The U.S. and EU are stronger when we stand united on the global stage, eliminate barriers between us, and avoid measures that threaten our shared prosperity.

The predominant focus of the summit will be on security and defense, but we urge you to address concerns about excessive, protectionist and discriminatory European measures. We hold several immediate concerns.

- In the digital sector, while the EU's drive to boost its competitiveness is understandable, its pivot towards digital sovereignty, as seen through measures like the AI Act, the EU Cloud Services Scheme (EUCS), the Data Act, and the Digital Markets Act (DMA), tilts the balance unfairly against American businesses. The AI Act, although well-intentioned, is likely to hinder progress and selectively apply different rules to American, European and Chinese AI models. The EUCS purports to advance cybersecurity but would sideline U.S. cloud providers from partnering with European institutions and businesses to advance transatlantic security goals in a manner the Office of the U.S. Trade Representative has warned could contravene the EU's WTO obligations. The Data Act and DMA exhibit a noticeable bias against a targeted group of U.S.-based companies and will increase data security risks.

- In the life sciences sector, the EU's proposed revisions to its pharmaceutical legislation will weaken intellectual property protections, disadvantaging pharmaceutical firms in the U.S. The addition of significant environmental considerations in drug approvals also threaten U.S. innovation. Adjustments in medicine supply requirements also will undercut U.S. firms' ability to compete.
- There are other measures either on the books or under consideration that would adversely affect American businesses across the economy. For example, the EU has adopted its Corporate Sustainability Reporting Directive (CSRD) and is finalizing the Corporate Sustainability Due Diligence Directive (CSDD). These measures aim to raise visibility of environmental and human rights concerns across supply chains. As crafted, however, these measures would impose unrealistic burdens on companies — especially for companies without a geographical nexus with the EU — and would expose firms to unfair liability risks. Their extraterritorial scope also threatens the authority of U.S. regulators.
- Proposed EU restrictions on per- and polyfluoroalkyl substances (PFAS) are also overly broad, as they do not account for feasible alternatives. Such restrictions would have a significant negative impact on supply chain security and dynamics across key sectors, including semiconductors, pharmaceuticals and energy, potentially threatening effective implementation of the bipartisan CHIPS and Science Act and impeding our ability to achieve shared climate objectives. A recent U.S. Chamber of Commerce study demonstrates that potential impacts of these restrictions could affect billions of dollars of U.S. exports and more than 500,000 American jobs.

Finally, we urge you to use this opportunity to align transatlantic leadership on critical issues on next year's World Trade Organization (WTO) ministerial agenda, including reforming the dispute settlement system, renewing the e-commerce moratorium, and aligning against expanding the TRIPS waiver to COVID-19 diagnostics and therapeutics.

The U.S. and Europe must stand united and avoid measures that erode our combined strength and ability to demonstrate leadership in an increasingly complex geopolitical environment. Your administration has diligently addressed European concerns about U.S. market access. We urge you to advocate with equal fervor for U.S. interests, underscoring that policies disadvantaging American enterprises are unacceptable. Let our economic and strategic ties reaffirm the resilience of the transatlantic alliance.

Thank you for your consideration of our views.

Sincerely,

ACT | The App Association

American Property Casualty Life Insurance

Biotechnology Innovation Organization

Computer & Communications Industry Association

Coalition of Service Industries

National Association of Manufacturers

National Foreign Trade Council

NetChoice

Pharmaceutical Research and Manufacturers of America

Small Business and Entrepreneurship Council

Software and Information Industry Association

TechNet

United States Council for International Business

U.S. Chamber of Commerce