

April 7, 2023

## **A Proposal for the TTC Global Trade Challenges Working Group to Address Trade-Related Challenges Posed by China in the Area of Digital Trade**

The overall objectives of the TTC include the promotion of U.S. and EU competitiveness, the strengthening of our technological and industrial leadership, and the development of strategies for addressing trade-related challenges posed by China. In the context of digital trade, it is in the interest of the United States and the EU to work together to counter Chinese efforts to utilize state-led, non-market policies and practices (NMPPs) to provide unfair competitive advantages to Chinese companies that enable them to displace U.S. and EU digital goods, services, and technologies from U.S., EU, and global markets and thereby create or perpetuate dependencies on Chinese digital goods, services, and technologies. Accordingly, USTR proposes that the TTC Global Trade Challenges Working Group initiate a new digital trade-focused work stream to explore ways in which the United States and the EU might work together to counter China's anticompetitive trade policies and practices, both in our markets and in global markets.

USTR envisions that USTR and DG Trade will collaborate with relevant U.S. agencies and EU directorates-general to ensure that this initiative remains consistent with wider U.S. and EU policy. This work should fully respect the regulatory independence of both sides. It should not replace or preclude any cooperation that the United States and the EU are pursuing or may undertake to address digital trade or related topics in fora outside of the TTC Trade Working Group.

USTR proposes two initial areas of focus for the Global Trade Challenges Working Group. First, the United States and the EU would work to identify and address, through concrete actions and formalized mechanisms, instances where Chinese actors or their intermediaries might misuse certain provisions in U.S. or EU law, or take advantage of unregulated areas, to gain access to research and development information, commercial or personal data, and proprietary information that could give Chinese companies a commercial advantage over their U.S. or EU competitors. Second, the United States and the EU would collaborate, and also seek out opportunities to work with third countries, on strategies and actions to counter China's state-led NMPPs that provide unfair competitive advantages to Chinese companies and enable them to create and perpetuate dependencies on Chinese digital goods, services, and technologies, including information and communications technology goods, services, and technologies. This work would also aim to identify digitally-related NMPPs and joint actions that the United States and the EU would seek to pursue in the future under the U.S.-proposed NMPP MOU.

USTR notes that it would be important for the two sides to seek transatlantic stakeholder input on our priorities and strategies for these two workstreams.