

Brexit and the future trading relations between the EU and the UK

Summary

In this paper, AmCham EU sets out its high-level principles for the upcoming Brexit negotiations and the future trading relations between the EU and the UK. Sector-specific analysis and recommendations will be rendered through the work of AmCham EU's multiple sectoral committees.

About AmCham EU

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 €2 trillion in 2015, directly supports more than 4.3 million jobs in Europe, and generates billions of euros annually in income, trade and research and development.

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The recent referendum result in the United Kingdom to leave the European Union is likely to have a significant impact on the European and global business environments. As a consequence, the American Chamber of Commerce to the EU (AmCham EU) – which represents the interests of American companies in Europe – will be closely following the future negotiations and their impact.

US businesses have a particularly significant footprint in both the EU and the UK. Investment in the EU by US companies totalled more than €2 trillion in 2015, with the UK constituting around one quarter of this investment. We anticipate that the EU and the UK will continue to remain influential players in the global economy, and key partners for US businesses. Nevertheless, disruption and uncertainty caused by the vote and its implications could stifle investment by US companies and hinder growth.

The EU and the UK must therefore work together to deliver a balanced agreement and a robust future EU-UK trade and investment relationship, ensuring the continued prosperity of both parties while limiting uncertainty and disruption in the interim. With this in mind, AmCham EU outlines its five principles to ensure a strong future for business in the EU and the UK:

- **An ambitious deal:** A final agreement must focus on maintaining the deep and open economic links that exist between the EU and the UK. The two parties should prioritise a long-term outlook that emphasises growth, investment and stability.
- **Transitional arrangements:** Negotiations for a future EU-UK trading relationship are likely to be long and protracted. Businesses must be allowed to maintain continuity and given appropriate time to adapt to new requirements. An early commitment to transitional arrangements, with private sector input, will be important to minimise disruption and provide legal certainty.
- **The EU Single Market:** Businesses of all sizes rely on common regulatory systems and the free flow of goods, services, people and capital across European borders to succeed. It is critical that companies operating in the EU and the UK retain full access to each other's markets. Retaining the current level of market access for the EU and the UK with third countries is also crucial.
- **Skills and innovation:** The ability for companies to employ and utilise the right skills is critical to their success. The EU and the UK must ensure the continued availability for companies of skills and talent to preserve investment and deliver growth. Arrangements for the retention of non-UK nationals currently entitled to work in the UK, and UK nationals working in the EU, is also critical. A final agreement should further ensure continued participation for the UK in existing research and other EU programs.
- **Promoting a strong and stable EU:** The prosperity and unity of the EU and the Single Market is of paramount importance to US companies in Europe. A strong Europe enables US businesses to invest with confidence, creating jobs and delivering growth. It is crucial that Europe focuses on delivering a more effective Union for its citizens, including by accelerating much-needed reforms to the economy and retaining an outward-looking trade and investment strategy.

The EU and the UK must act to ensure the minimal disruption to the EU and UK business environments and to limit uncertainty. A clear roadmap should be agreed by the EU and the UK and

effectively communicated to all stakeholders. This should include clarity regarding the scope of the negotiations and provide for appropriate input from the business community.

Retaining an ambitious and comprehensive approach to the future negotiations is critical. New market access barriers or divergent regulatory regimes, including with third countries, could increase the cost of doing business and restrict investment. AmCham EU stands ready and willing to work with the EU and the UK to contribute to the future negotiating process, ensure the best outcome for all parties, and deliver a successful and forward-looking Europe that meets the needs of businesses and citizens.