



National Electrical Manufacturers Association

PHILIP A. SQUAIR

Vice President, Government Relations

January 15, 2019

Edward Gresser
Chair, Trade Policy Staff Committee
Office of the United States Trade Representative
600 17th Street, NW
Washington, DC 20508

Re: Docket USTR–2018–0036, *Request for Comments on Negotiating Objectives for a U.S.-United Kingdom Trade Agreement*

Dear Mr. Gresser:

As the leading trade association representing the manufacturers of electrical and medical imaging equipment, the National Electrical Manufacturers Association (NEMA) provides the attached comments in response to the November 16, 2018 notice inviting public input on priorities for U.S.-United Kingdom trade agreement negotiations.

NEMA represents nearly 350 electrical equipment and medical imaging manufacturers that make safe, reliable, and efficient products and systems. Our combined industries account for 360,000 American jobs in more than 7,000 facilities covering every state. Our industry produces \$106 billion shipments of electrical equipment and medical imaging technologies per year with \$36 billion exports.

Attached please find the NEMA comments. We would welcome discussing this matter and our comments further. Our Member companies count on your careful consideration and we look forward to outcomes that meet their expectations.

If you have any questions on these comments, please contact Craig Updyke of NEMA at craig.updyke@nema.org.

Sincerely,

A handwritten signature in black ink that reads 'Philip A. Squair'. The signature is written in a cursive, flowing style.

Philip A. Squair
Vice President, Government Relations

Attachment

NEMA Comments on Negotiating Objectives for a U.S.-United Kingdom Trade Agreement

Executive Summary

- A potential trade agreement with the United Kingdom presents a unique opportunity to achieve market access and favorable terms of the highest standards for U.S. electroindustry manufacturers.
- In several areas, the U.S. Mexico Canada Agreement (USMCA), reached on September 30 and signed on November 30, provides even more favorable terms – in terms of openness, transparency and trade liberalization – than do previous U.S. trade agreements. Any U.S.-UK trade agreement should include commensurate commitments that provide greater, not fewer, opportunities for U.S.-UK trade and investment.
- Where possible, the U.S. and UK should seek to build on and go beyond the terms of existing trade agreements to set even higher standards for access, openness, and transparency.

Discussion

The United Kingdom of Great Britain and Northern Ireland is a key trading and investment partner for the U.S. electroindustry, with the value of two-way trade in electroindustry products exceeding \$1 billion in 2017.

However, as discussed in our recent comments on priorities for trade agreement negotiations with the European Union, of which the UK is (for now) one of 28 member states, the EU takes a different approach than the United States to standards, conformity assessment and regulatory initiatives. These differing approaches often create technical barriers to trade. In turn, the U.S. and EU often propose divergent methods for resolving the barriers, with the divergence driven in part by the EU's primary interest in maintaining its internal single market.

Although maintenance of UK access to the EU single market is the top priority for many UK manufacturers, the impending departure of the U.K. from the EU should empower London and Washington to develop innovative solutions that enhance market access in the U.K. for U.S. electroindustry manufacturers.

Simultaneous trade negotiations between the U.S. and EU stand to be a major influence on the substance of a U.S.-UK agreement in this area. If the U.S. and EU are able to agree on horizontal regulatory cooperation matters, the U.K. should agree to disciplines no less stringent than would apply to the EU. Moreover, the U.S. and UK should seek to break as much new ground as possible. In turn, the U.S-UK negotiations could have a beneficial effect on the U.S.-EU negotiations in leading to greater openness and transparency.

In this regard, the U.S. should pursue commitments in the areas of Technical Barriers to Trade and Good Regulatory Practices that are at least as strong as, if not stronger than, those agreed by Canada and Mexico in the U.S. Mexico Canada Agreement in 2018.

In the near term, in the area of medical imaging equipment, NEMA's Medical Imaging and Technology Alliance (MITA) seeks assurances that the 2016 version of the quality management standards agreed at

the international level will be accepted and implemented by EU and UK regulators for at least five years. MITA is also closely monitoring Europe's policy position on the Medical Device Single Audit Program (MDSAP). MITA also requests that any UK database for medical devices be able to communicate with the U.S. Food and Drug Administration's database in order to ensure consistent implementation of a Unique Device Identifier (UDI) system to improve patient safety by improving tracking as well as reducing burdens on manufacturers. The U.S. and UK should also ensure any cybersecurity initiatives are harmonized, and work to mutually recognize international standards.

In general, the U.S. and UK should seek to negotiate a bilateral trade agreement of the highest standard. The EU serves as both a lucrative market for U.S.-made equipment and as a critical supply chain partner for U.S. manufacturers. A strong U.S.-UK trade agreement could serve to boost U.S. competitiveness and level the playing field for manufacturers in the United States who may otherwise face a disadvantage on the global stage due to trade agreements to which the U.S. is not a party.

Timely elimination of EU customs import tariffs for industrial goods, while welcome, would only open a small hole in the barriers U.S. electroindustry exporters face in the UK. A bilateral trade agreement presents a significant opportunity to level the playing field for U.S. manufacturers and service providers.

Accordingly, in addition to tariff elimination, NEMA strongly recommends U.S. negotiators seek to:

- Reach agreement on market access and best practices in the areas of transparency, fair treatment and other process-related aspects of government procurement in the United Kingdom;
- Require good regulatory, Standards, and market-driven conformity assessment practices that afford openness and transparency, enable cost-effective compliance and, whenever possible, achieve alignment that promotes and enhances market access opportunities in the UK for U.S. electroindustry manufacturers¹;
- Affirm the UK's acceptance of conformity attestation methods that include the optional use of the International Electrotechnical Commission's Conformity Assessment Systems – IECCE CB, IECEx and IECQ – where appropriate;
- Advance U.S.-UK regulatory cooperation on medical imaging equipment to promote patient safety and minimize redundant compliance burdens on manufacturers;
- Fully open the UK's market for services, including testing and technical services, distribution services, energy services, environmental services, and medical services;
- Secure a mechanism and access for laboratories located in the U.S. to be accredited to test and certify equipment for the UK market, providing reciprocity for access that laboratories located in the UK are granted to become accredited to test and certify for the U.S. market;
- Deepen coordination on electrical safety matters, including installation and certification practices as well as anti-counterfeiting efforts and market surveillance;

¹ However, NEMA opposes Mutual Recognition Agreements (MRAs) for products that are not federally regulated in the U.S.

- Achieve the strongest possible intellectual property rights and trade secret protections as well as government cooperation in enforcement under customs service operations to facilitate efficient legitimate trade while preventing importation for sale in the U.S. of goods that are counterfeit, violate intellectual property rights, or fail to comply with U.S. requirements;
- Achieve commitments related to digital trade that at least match if not exceed the disciplines agreed in the U.S. Mexico Canada Agreement;
- Raise the UK's customs *de minimis* level to parity with the U.S. level of \$800.

END COMMENTS