Security, Defence & Space Committee meeting

Guest speaker:

**Peter Sandler**

TTC lead on export controls and Director, DG Trade F, EC
Our aim
Ensure a growth-oriented business and investment climate in the EU

Who we are
American companies committed to and invested in Europe

What we want
To maintain and strengthen the transatlantic relationship
To build a stronger and more united EU

What we stand for
Trust
Expertise
Excellence
Transparency

amchameu.eu
Our members

80+

Policy issues at any point in time

AmCham EU
SPEAKING FOR AMERICAN BUSINESS IN EUROPE

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Committees and Task Forces...

...in a wide range of sectors covering Transport, IT, Telecom, Healthcare, Financial Services, AgriFood, Aviation, Security, Defence, Space, and many more
# AmCham EU SDC Membership

## A&D + Transport
- Bell Flight
- Boeing
- Caterpillar
- GDELS
- GE Aviation
- Honeywell
- Lockheed Martin
- Raytheon Technologies
  (= Collins Aerospace + Pratt & Whitney + Raytheon Intelligence & Space + Raytheon Missiles & Defense)
- UPS
- FedEx
- ...

## IT + Telecom
- Amazon Web Services
- Apple
- AT&T
- Broadcom
- Cisco
- Dell
- Google
- IBM
- Intel
- Microsoft
- Red Hat
- Verizon
- ...

## Consultancies & PR
- Accenture
- Afore Consulting
- APCO Worldwide
- BCW
- Brunswick Group
- Cambre Associates
- EY
- Fleishman Hillard
- FTI Consulting
- Kreab
- Weber Shandwick
- ...

## Law firms
- Covington
- DLA Piper
- Foley
- Linklaters
- Mayer Brown
- Norton Rose Fulbright
- Reed Smith
- Sidley
- Squire Patton Boggs
- Steptoe
- White & Case
- ...

[AmCham EU](amchameeu.eu)
AmCham EU SDC Member Companies employ:

45,000+

high-skilled people in the European A&D sector who also develop/protect IP locally and manufacture many ITAR/EAR-free products
AmCham EU’s SDC – Objectives and Priorities

Objectives:
- Promote cooperation on R&D, military interoperability with close Allies and common technical standards across the Atlantic
- Promote the adoption of best available technologies in the SDC sectors - irrespective of the origin, especially when dealing with sources in like-minded countries (EEA, Canada, UK, US etc.)
- Establish vital links in the security, defence and space area between AmCham EU members and relevant EU-level and Member State-level policy- and decision-makers
- Contribute to the EU’s debates on open strategic autonomy, technological sovereignty, strengthening the EDTIB, resilience, ...

Priorities:
- Maintain and strengthen Transatlantic Defence Technological and Industrial Cooperation (TADIC)
- Advocate for coherence, clarity and certainty in export, technology transfer and sanction regimes
- Promote transatlantic cooperation in the exploration of space and space programmes
- Advocate for harmonised transport security policies, with a focus on air cargo and land cargo
- Ensure a legislative environment in Europe which does not undermine the SDC member companies’ license to operate in the EU
  ✓ Advocate for like-minded third-country entity participation in EU- and EU MS-funded R&D, acquisition and sustainment programmes
  ✓ Advocate for level playing fields and fair competition on both sides of the Atlantic
AmCham EU SDC’s Focus on Export Controls – 1/4

- Security/Defence/Space manufacturers and technology providers in the EU and the US rely on exports to remain profitable and operational.

- Example on the EU side: almost 27% of the total global arms exports originated from the EU between 2013 and 2017 (https://www.sipri.org/sites/default/files/2018-03/fssipri_at2017_0.pdf).

- Adjustments to existing export control regimes are necessary if we want to promote collaborative and joint defence development programmes in the EU and across the Atlantic.

  ✓ Need for coordination at the EU and EU-US level, as unilateral EU MS or US decisions can lead to significant regulatory uncertainties for industry.

  ✓ Increasingly complex conditions and diverging controls can harm the competitiveness of the EU and the US and disrupt global value chains, further fragmenting the international regulatory space for transatlantic security/defence/space entities.

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AmCham EU SDC’s Focus on Export Controls – 2/4

• US Export Control Reform (ECR) – Lessons learned:
  
  ✔ The US Govt reformed its primary export control regime, the International Traffic in Arms Regulations (ITAR)

  ✔ As part of this exercise, many items were reviewed and moved from the US Munitions List (USML) under ITAR, to the Commerce Control List (CCL) under the Export Administration Regulations (EAR)
    ➢ This is important because defence items controlled by the EAR are not subject to US regulatory requirements if they do not contain more than 25% US-origin content and are not exported to embargoed destinations
    ➢ This is a key change because a European capability containing less than 25% US content listed under the EAR would not fall under US export control regimes

  ✔ The changes make it easier for EU-HQ’d companies to:
    ➢ jointly develop defence and dual-use items with US-based companies
    ➢ sell to US-based companies
    ➢ export EU-made items containing US-origin content to countries not subject to sanctions or arms embargoes
AmCham EU SDC’s Focus on Export Controls – 3/4

- Recommendations:
  - Enforce coherent and coordinated export control regimes
    - Businesses benefit from open markets and clear rules; therefore, the security/defence/space industry would benefit from clearer export control policies. To achieve this, policy-makers on both sides of the Atlantic should:
      - Examine ways to reduce or eliminate unnecessary regulatory differences by aligning export controls between the EU/EU MS and the US through consistent regulatory exchanges and joint actions (EU-US TTC is welcomed!)
      - Address export controls at the beginning of joint Security/Defence/Space R&T and R&D projects through agreements that clearly define the conditions applicable throughout the duration of the project
      - Support regulatory exchanges for EU-HQ’d and US-HQ’d companies in the joint development of new capabilities and their capacity to sell in each other’s markets and export to third countries
  - Eliminate or reduce non-tariff barriers (NTBs)
    - Example on the EU side: public authorities and industry - at EU level and EU MS level - should not, by default, seek for ITAR/EAR-free technologies, products and services when it comes to R&D/Procurement/Sustainment programmes. Exports, re-exports and (in-country) transfers are possible. EU-US structured (not ad hoc) dialogue and consultation are key to avoid disruption in transatlantic strategic supply chains!
AmCham EU SDC’s Focus on Export Controls – 4/4

• Dual-Use Goods Regulation
  ✓ Long-awaited agreement
  ✓ Transposition by EU Member States
  ✓ Guidelines, e.g. cyber surveillance controls
  ✓ What is needed: Guidance on Intangible Technology Transfers

• SDC actions
  ✓ Position papers and outreach on the recast (2016-2021)
  ✓ Letter (to Art.4(1)(b)) and position paper on Intangible Technology Transfers (2021)
  ✓ Response to EU-US TTC Export Controls WG Consultation (2022)
Thanks!

Next meeting: 1 March 2022

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