



## **EABC Testimony before the US Senate European Affairs Subcommittee**

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### **Strengthening the Trans-Atlantic Economy: *Moving the Trans-Atlantic Economic Council from Potential to Performance***

Good afternoon Madam Chairwoman and Senators. Thank you for inviting me. It is an honor to be here. My name is Michael Maibach, President and CEO of the European-American Business Council. We were founded in 1989 and have offices in Washington and Brussels. We represent 70 global companies, including 40 US and 30 European-based enterprises.

Our companies possess cutting edge, competitive skills in the service of people across the globe. These skills include how to successfully collaborate with commercial and governmental partners across national and sectoral lines to drive economies of scale, promote innovation and meet the needs of customers in ways only possible because of these partnerships. These are the kind of skills, insights and best practices US officials must hone to keep us competitive in an exceptionally competitive world.

The strategic skills I'm referring foster trans-national regulatory collaboration in ways which enhance investment and innovation. The pressure to hone these skills is coming from the forces of globalization. Of course, globalization has been with us since at least Columbus and Magellan. However, ever since the Berlin Wall came down globalization has been tumbling faster and faster through the streets of every nation, through the board rooms of every enterprise, and through the halls of every government on the planet.

Today globalization is being driven by twin strategic vectors: First - China: After the Berlin Wall came down China embraced capitalism. This change in China caused India to throw open its doors to global markets, as well. Over night the world had 3 billion new capitalists competing for the future. Economic forces of historic proportions were set in motion.

Compounding the impact of China and India have been several accelerants of change: Moore's Law of Computing has combined with Metcalf's Law of Networks to create the trans-national tsunami we call the Internet. Since 1947 the WTO has expanded from 23 to 139 nations – tearing down centuries- old barriers to trade, investment, innovation and competition. And the world's population has doubled since John Kennedy was elected President.

In summary, everything is changing, everywhere, very, very quickly. The world's vertical chess board has been flipped on to a horizontal axis. This means that every enterprise and every government survives and thrives in part because of the quality of its "horizontal partnerships". Government-to-government, company-to-company and government-to-industry collaboration are now fundamental to economic success in the 21<sup>st</sup> century.



The US and Europe represent only 11% of the world's people, but together account for over 50% of the world's trade, investment and GDP. The same goes for air travel, health care spending, and capital flows. And Americans and Europeans we are more than anything investment partners. 70% of foreign investment in the United States comes from European firms. And over 50% of the foreign investment into Europe is done by US firms.

There is twice as much US investment in Ireland as in all of China. European investment in China is only 4% of their total US investment portfolio. And together the US and EU drive the world's standards, regulatory regimes and best business practices in business and government. The fact is that the US and Europe are at the heart of the global economy.

In 2007 Chancellor Merkel and Presidents Bush and Barroso created the Trans-Atlantic Economic Council. They recognized that global regulatory cooperation must begin with Trans-Atlantic collaboration. This is the TEC's mission and its promise. It has yet to reach the potential of its promise. This needs to change - now.

We have a 5 point prescription for TEC's success:

1. Select "Yes-Yes" Policy Projects that will enjoy strong, sustained government support. This must include early and continuous buy-in from US and EU legislative leaders.
2. Select Policy Projects that can be accomplished in 1-4 years.
3. Appoint senior career US and EU officials as Policy Projects Co-Chairs. They must agree on a roadmap for success that includes time-lines for progress. And they must enlist the active involvement of key industry groups such as the EABC.
4. Semi-annual TEC meetings must become performance reviews for Policy Project Co-Chairs. US and EU legislators must be involved in these reviews.
5. The annual US-EU Leaders Summit must include TEC deliverables. Presidents Obama and Barroso must expect results that have business operational value.

Finally, the EABC recommends that the 2010 TEC Agenda include 5 Policy Projects:

1. eAccessibility: A global standard for sight and hearing impaired.
2. eHealth: A global standard for health IT records and systems.
3. Accounting Convergence: A single global accounting system (IFRS).
4. Carbon Accounting Standards: A single global standard.
5. Nano-Technology: US-EU research and regulatory cooperation.

Thank you for your interest in our views.