



29.11.2023

MISSION REPORT

following the Ad hoc delegation to San Francisco, United States of America,
30 October - 1 November 2023

Committee on International Trade

Members of the mission:

Bernd Lange	(S&D) (Leader of the mission)
Elżbieta Katarzyna Łukacijewska	(PPE)
Inma Rodríguez-Piñero	(S&D)
Miapetra Kumpula-Natri	(S&D)
Marie-Pierre Vedrenne	(Renew)

Introduction

This was the first ever visit of the Committee on International Trade (“INTA”) to San Francisco and the Bay Area. It followed the earlier visits to Washington DC in this legislature (in February 2020 and November 2021) that served to meet with interlocutors representing the federal level. The focus was this time on California as the 5th largest economy in the world, with pioneering companies in the digital, technology, financial and transportation sectors.

The visit took place shortly after the EU-US Summit of 20 October 2023 and it preceded the Asia-Pacific Economic Cooperation (APEC) Leaders’ meeting that took place in San Francisco between 11-17 November 2023 and saw the high-level meeting between US President Biden and Chinese President Xi. The visit was thus a timely opportunity to delve into the triad of EU-US-China relations and address the risks and opportunities in the EU economic security strategy.

During the three-day visit INTA engaged with political actors (California State Senator Scott Wiener and advisors to Lieutenant Governor of California) and key economic stakeholders (Apple, Tesla, Nvidia and Mozilla, Port of Oakland, as well as the German Accelerator helping mainly German tech start-ups) and academia on the Californian perspective on transatlantic trade and investment relations, economic security and the performance of the Trade and Technology Council (TTC).

Scene Setting

The conclusions of the EU-US Summit of 20 October served as a good illustration on the state of EU-US relations. At the Summit, the EU and the US continued to see eye-to-eye with respects to geopolitics, notably with respect to Russia’s illegal war of aggression against Ukraine. Yet, the absence of an agreement on the two main trade deliverables of the Summit - the Global Arrangement of Sustainable Steel and the Critical Mineral Agreements - epitomised the approach of a US Administration that continues to see trade-openness as an electoral liability.

The visit also took place in the immediate aftermath of the 2023 United Auto Workers (UAW) strike. The strikes began on 15 September 2023 (against Ford, General Motors and Stellantis) and concluded between 25 and 30 October when tentative deals were reached meeting many of the UAW demands notably on wages, overtime and retirement benefits.

The week of INTA committee visit was also a momentous week for Artificial Intelligence, as it coincided with President Biden’s executive order on Artificial Intelligence (AI), the G7 Leaders’ Statement on the Hiroshima AI Process as well as the Artificial Intelligence Conference Summit held in London on 1 November. These issues thus also featured in INTA’s conversation with relevant interlocutors in California, notably with respect to INTA’s role with regard to the TTC.

The INTA delegation visit took place almost in parallel with the ITRE (Committee on Industry, Research and Energy) delegation visit. The two committees cooperated and coordinated their programmes fully in advance, and two meetings were organised jointly: with Consuls Generals from Member States and the visit to Stanford University. The recent

visit by the JURI (Legal Affairs) committee to San Francisco also provided helpful insights in the preparation of the INTA delegation. The visit also benefited from the cooperation with the newly created EU liaison office in San Francisco that served as a very useful point of contact and venue for meetings.

Summary accounts of meetings

Some twelve meetings took place over the three full days of the visit. INTA Members had a chance to meet a diverse range of actors: from trade unions to politicians, from academia to private stakeholders.

The INTA Delegation held in-depth meeting with tech companies. The visit started with a tour and a policy discussion of the Tesla Factory in Fremont, where Members exchanged with the Global Trade Strategist, the Director for Public Policy and Business Development Europe, the Associate General Council. In Cupertino, Members met with Apple's Vice-Presidents responsible for Global Sourcing and Supply Management and for Intellectual Property. On the same day they also met with Nvidia representatives, notably the Head of technology policy, the Global Head of AI Nations and the Head of EU government relations. Members also exchanged with the US Advocacy Lead for the Mozilla Foundation and the Chief Legal Officer at the Mozilla Corporation. Members also heard from the German Accelerator about the challenges and opportunities for European start-ups in the Silicon Valley.

The mission included a visit to the Port of Oakland as a bellwether of international trade. The management underlined how the US-China rifts imposes new challenges to the port. They also presented the numerous investment in greening port infrastructures,

Members also had the opportunity to visit University of California, Berkeley, and Stanford University, which are both among world's leading research and teaching institutions. The meeting with UC Berkeley researchers belonging to the UAW trade union was an opportunity to exchange on trade unions scepticism towards international trade, on EU-US trade in the automotive sector, and the rise of Chinese automakers as competitive actors in the burgeoning electric vehicles market.

It proved challenging to meet with California federal and state politicians. The delegation finally succeeded in holding a meeting with California State Senator Scott Wiener and with Evan Reade, California Lieutenant Governor Kounalakis International Affairs Advisor. Both meetings provided useful insights on how to foster EU-California relations.

Main issues

Throughout the meetings, INTA raised the following issues, reflecting the committee and Parliament's position - with one voice.

(1) EU Economic Security Strategy

One of the main issues addressed during the visit was economic security, notably in light of the European Economic Security Strategy published on 20 June 2023 by the Commission and the High Representative. The strategy proposes, among others, a review of the Foreign Direct Investment Screening Regulation, the EU's export control regulation on dual use items and

will examine what security risks can result from Union outbound investments. As a follow-up to the strategy, INTA had also organised a hearing on the subject of economic security in the week preceding the delegation comparing notably the US, the Japanese and Taiwanese approaches to economic security. The Commission issued on 4 October recommendations to Member States focusing on four technology areas considered highly likely to present the most sensitive and immediate risks related to technology security and technology leakage, these being: advanced semiconductors technologies, Artificial Intelligence technologies, quantum technologies and biotechnologies.

The exchanges with tech companies in California were instructive to understand the extent of the impact of the Biden's administration "*Executive Order on Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern*" and whether this had critically damaged, slowed or hastened the self-sufficiency of China in the production of such technologies and how it affected Californian companies strongly reliant on China for their value chains and for their sales. INTA Members expressed reservations about the rather flexible and broad use of the US definition of national security which appear to encompass a wide-range of economic sectors.

(2) Bilateral economic/trade relations and performance of the TTC

The performance of the TTC as a forum to exchange best practices and to cooperate on regulatory approaches was also discussed during all meetings. The visit coincided with a number of announcements, which were of relevance to the TTC, notably President Biden's executive order on AI, the G7 Leaders' Statement on the Hiroshima AI Process, the AI Summit in London and the announcement of the US ending its support for negotiating provisions on data flows, data localisation and source code in the framework of the Joint Statement Initiative on e-commerce, which were discussed in almost all meetings.

Members exchanged on how the TTC can help bridge the divide between the EU and US with the exchanges focusing in particular on AI, semiconductors, connectivity and standardisation. The exchanges also delved into the issue of whether these sectors should be regulated at state or federal level in the US and on their assessment of EU proposed or adopted legislation. Interlocutors generally accepted that non-binding codes of conduct will not be sufficient to deliver the sufficient level of safety and safeguards with regard to AI. Some stakeholders underlined the difficulties in getting the right level of access with respect to the preparation and consultations ahead of TTC meetings.

The impact of the IRA

The delegation also served to obtain direct insights on the impact of the US Inflation Reduction Act (IRA) on the Californian economy roughly one year since its entry into force. Stakeholders did confirm that the IRA is providing numerous incentives for decarbonisation for example with respect to port infrastructure, but the exchange also confirmed that the IRA directly impacted investment decisions for example with respect to the production of electric batteries.

In the same vein, INTA Members discussed the prospects for the success of the EU-US negotiations on the Critical Minerals Agreement which would allow EU manufacturers to be treated under the same conditions as US manufacturers under the IRA. The INTA delegation

underlined how this is something that would help levelling the playing-field between EU and US producers and eliminate some of the discriminatory aspects of the IRA.

EU-California Regulatory Cooperation

At a political level, the delegation served to underline the importance of regulatory cooperation between the EU and California. INTA Members had the opportunity to underline the breadth and the coherence of the European Green Deal and notably the ambitious reform of the EU Emission Trading System with extension of the ETS to maritime transport and a separate new ETS for buildings and road transport. Members also underlined how the new Carbon Border Adjustment Mechanism that accompanies the reformed ETS should be seen by third countries as an incentive to decarbonise and adopt carbon pricing policies in the same fashion as California did. Members also exchanged at political level about California's legislature approaches to AI regulations compared to the Union approach and whether state level legislation is appropriate in the absence of federal level legislation.

(3) EU-US-China Economic Relations

Value chains for some of the Californian companies visited by the INTA delegation are strongly integrated with China. Stakeholders underlined the importance of treading carefully with respect to concepts such as de-risking and de-coupling. Most interlocutors underlined that de-coupling from the Chinese economy does not appear as a viable option given the high degree of inter-dependency of the two economies. The trade picture confirms that whilst in 2022 the US trade deficit with China continued to widen, both US exports to China and imports from China continued to grow for a third year in a row, recovering strongly from the low-point of 2020. Even with respect to de-risking stakeholders underlined the importance of having a clear and narrow definition of the concept in order to avoid a spiral of counter-measures and retaliations, also in light of China's hold on the supply of raw materials critical for the green and digital transition. Participants also took note of the rise in Chinese exports of battery electric vehicles and the anti-subsidy investigations announced by Commission President von der Leyen during her State of the Union Address on 13 September 2023. Participants recognised China's competitiveness in high-tech sector from automotive to semi-conductors and noted that this has come about through strong public financial support.

Conclusions and follow-up

This *ad hoc* delegation, despite taking place towards the end of the legislature, provided key insights in California's thinking with respect to issues of great relevance in the transatlantic trade and economic debate: economic security, de-risking, regulatory cooperation on the digital sector, decarbonisation and AI regulation and the future of the TTC. The visit notably served to nuance the Washington perspective on these issues, with California representing a state that is rather more attuned to European sensitivities than the rest.

In particular the delegation provided first-hand experience about the impact in the application of US export control and outbound screening measures, issues which are going to reach Parliament and the INTA Committee specifically in the coming future, with the publication of an economic security package expected for 24 January and including a review of the FDI Screening Regulation and to be followed by white paper on export controls as well as an initiative on outbound investments.

Furthermore the delegation served to reflect on the next issues on the agenda of the TTC.

As regards follow up:

- Continue monitoring the developments in the EU-US trade and economic relations and use insights gained during the delegation in view of building Parliament's position on transatlantic trade relations, economic security, export controls, and investment screening;
- Continue exchanges on transatlantic trade in INTA Committee, Monitoring Groups and technical briefings. The outcome of the delegation was already reported during the INTA meeting 27-28 November 2023 and several US Monitoring Groups held after the visit and the EU-US Summit;
- Ensure continued democratic scrutiny over the TTC and its working groups where trade has the lead and invite again before and after the next political meeting the EU's Co-Chairs, EVP Dombrovskis and EVP Vestager, to exchange views in association with the other Parliament's Committees whose work of scrutiny relates to the TTC; It is to be noted that the date of the 5th TTC to be organised in the US has been moved a number of times and it is now expected in early 2024. The Belgian Council Presidency also aims to hold a TTC meeting in the first semester of 2024. These two TTC meetings are likely to be the last of 2024 given the upcoming European and US elections;
- Maintain the useful contacts established with stakeholders in California by:
 - o continuing to exchange relevant developments with the EU liaison office in San Francisco and the EPLO Washington notably ahead and after the TTC meetings as well as the Consuls Generals of the Member States in San Francisco;
 - o arranging meetings (physical or on-line) with interlocutors with whom it was not possible to meet during this visit, including state Senators, stakeholders, and European companies based in different States (this was already organised in one instance after the delegation for a specific stakeholder who could not meet the delegation whilst in California).

Annex: Final programme
 EP press releases relating to the delegation visit

**VISIT OF THE
COMMITTEE ON INTERNATIONAL TRADE (INTA)
TO SAN FRANCISCO AND BAY AREA, 30 OCTOBER - 1 NOVEMBER 2023**

FINAL PROGRAMME

Monday - 30 October 2023		San Francisco
09:00-11:30	Tesla Factory in Fremont - meeting and tour of the facility	
13:00-14:00	Meeting with California Lieutenant Governor Kounalakis International Affairs Advisor	
14:00-14:45	Briefing by Deputy Head of EU Office in San Francisco	
15:15-17:00	Meeting with Port of Oakland representatives and tour of the Sea Port facilities and briefing	
17:30-19:00	Meeting with United Auto Workers (UAW) representatives and visit of the University of California, Berkeley laboratories	
Tuesday - 31 October 2023		San Francisco
08:00 – 09:00	Breakfast Meeting with Member States Consuls General	
10:00-12:00	Meeting at Apple and tour of the facilities	
15:00-17:00	Meeting at Nvidia	
Wednesday - 1 November		San Francisco
08:30-09:25	Mozilla Foundation	
09:45-10:30	Meeting with California Senator Scott Wiener	
11:30 - 13:15	Stanford University - Lunch meeting and visit of the Campus	
13:30-14:30	Meeting with German Accelerator	
	End of the delegation	

Parliamentary trade delegation in San Francisco next week

Press Releases



25-10-2023 - 16:45

From 30 October to 1 November, a delegation of five MEPs from the Trade Committee will travel to San Francisco and the Bay Area.

MEPs plan to visit an automotive manufacturers site, they will also visit the Port of Oakland and meet authorities there. Lawmakers are also set to meet with trade unions representatives in Berkeley. Members will also meet with high-tech and semiconductors firms and hold exchanges at Stanford University. MEPs are also expected to have a discussion with a delegation of California Assembly Members.

The delegation will be led by the Chair of the International Trade Committee (INTA), [Bernd Lange \(S&D, DE\)](#), and will include [Elżbieta Katarzyna Łukacijewska \(EPP, PL\)](#), [Inma Rodríguez-Piñero \(S&D, ES\)](#), [Miapetra Kumpula-Natri \(S&D, FI\)](#), Vice-Chair of the Delegation for relations with the US and [Marie-Pierre Vedrenne \(Renew, FR\)](#), Vice-Chair of INTA.

Quote

“The further fine-tuning of our economic strategy will be the central focus of our exchanges in California. Whether we discuss semi-conductors, car-making or critical infrastructure, we need to make sure that any limitation we put on open trade is tailored, limited and effective. We want to hear directly from Californian workers, firms and politicians on how they approach their economic strategy and how the EU, the US and third countries should cooperate on this whether we talk about inbound or outbound investment or export controls. The visit will also be key to exchange on the regulation of the digital world, in particular when it comes to digital trade and how the Trade and Technology Council should be further strengthened to this end,” said **Bernd Lange**.

Background

The EU and the US [have the largest](#) bilateral trade and investment relationship in the world. In the last few years, irritations have shaped trade relations, most recently the [Inflation Reduction Act \(IRA\)](#) and previously US measures on steel and aluminium. In 2021, the [EU-US Trade and Technology Council](#) was established to coordinate on key global trade, economic and technology issues, and to deepen transatlantic trade and economic relations. During the EU-US summit on 20 October in Washington, both parties agreed to continue talks, but no agreement has been reached yet on steel and aluminium and no breakthrough in the Critical Minerals Agreement thus far.

Further information

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- [Resolution on the opening of negotiations with the US on strengthening international supply chains of critical minerals \(18.10.2023\)](#)

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- [Trade Committee Chair: Parliament expects WTO compatible results at EU-US summit](#)
 - [Parliament's resolution on the future of EU-US relationship \(26.7.2021\)](#)
 - [EP Think Tank: Transatlantic relations: the US and Canada](#)
 - [Multimedia package in EU-US trade relations](#)
 - [Committee on International Trade](#)

Ref.: 20231024IPR08208

Trade Committee Chair: Parliament expects WTO compatible results at EU-US summit

Press Releases



18-10-2023 - 17:21

Trade committee chair Bernd Lange (S&D, Germany) made the following statement today ahead of the EU-US summit on Friday in Washington DC.

"In this turbulent geopolitical climate, we need to grasp what is possibly the last remaining opportunity under the current EU Commission and US administration to deliver solutions on outstanding trade irritants. Yet, we should do so staying true to our values, our regulations and our commitment to the international trading system. **A critical minerals agreement with the US** would level the playing field and give companies based in the EU the opportunity to take part in US supply chains for the production of batteries for e-vehicles and would thus undo some of the damage caused by the Inflation Reduction Act (IRA). Such an agreement could also help us to join forces on improving the protection of labour rights in our critical mineral supply chains. Nevertheless, this needs to fully respect the multilateral rules and mechanisms developed, namely by the International Labour Organization, our own respective regulatory approaches and can only happen in partnership with our trading partners.

A second main deliverable could be a framework for a future **Global Arrangement on Sustainable Steel and Aluminium (GSA)**. This should be an intermediate step towards a solution that would permanently lift Trump's illegal 232 tariffs and the corresponding EU countermeasures. This would bring relief and legal certainty for many sectors on both sides of the Atlantic that have suffered a lot in the last few years. Yet, we should not find an agreement at any cost. First, any agreement should be fully WTO compatible. This means that if we use our existing trade defence instruments to tackle non-market excess capacity, these should remain based on objective investigations and not on political considerations. In no way should the EU agree to a framework that would undermine the WTO, weaken the multilateral trading system and lead to even more protectionism and fragmented globalisation. An agreement should also protect and uphold existing Union legislation and that includes the Carbon Border Adjustment Mechanism.

If concluded, both agreements will need to be EU-only agreements and would need to get consent by the European Parliament before they apply. WTO compatibility, the preservation of our own regulatory independence as well as the contribution to more sustainable trade will be key considerations for the European Parliament judging both agreements. We stand ready to act quickly on the outcome of the summit."

Background

The President of the European Council, Charles Michel, and the President of the European Commission, Ursula von der Leyen, representing the EU, will meet US President, Joe Biden, in Washington DC for the 27th EU-US summit on 20 October. The last EU-US summit took place in Brussels on 15 June 2021. In a resolution adopted in September, the Parliament called

on the Commission to tell the US Government that an agreement on critical minerals should be considered just one of the first steps towards addressing all of the EU's concerns about outstanding trade frictions in EU-US relations.

Further information:

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