

JOINT POSITION OF THE ASSOCIATION OF BRITISH HEALTHTECH INDUSTRIES (ABHI) AND THE ADVANCED MEDICAL TECHNOLOGY ASSOCIATION (ADVAMED) ON A POTENTIAL US-UK FTA

Vitality of US-UK trading relationship

In 2017, US goods and services trade with UK totaled an estimated \$231.9 billion. Exports to the UK were \$123.0 billion and imports from the UK were \$108.9 billion, resulting in a trade surplus with the UK of \$14.2 billion in 2017.

The UK is currently the 7th largest goods trading partner for the US with \$109.4 billion in total (two way) goods trade during 2017. Goods exports totaled \$56.3 billion; goods imports totaled \$53.1 billion. The US goods trade surplus with the UK was \$3.3 billion in 2017.

Trade in services with the UK (exports and imports) totaled an estimated \$122.5 billion in 2017. Services exports were \$66.7 billion; services imports were \$55.8 billion. The US services trade surplus with the UK was \$10.9 billion in 2017.

According to the Department of Commerce, US exports of goods and services to the UK supported an estimated 665 thousand jobs in 2015 (latest data available) (238 thousand supported by goods exports and 427 thousand supported by services exports). In 2017, the UK was the US's 5th largest goods export market, totaling \$56.3 billion. The US export market to the UK is growing, up 2.0% (\$1.1 billion) from 2016 and up 12.6% from 2007. US exports to the UK accounted for 3.6% of US exports in 2017. US exports of services to the UK were an estimated \$69.6 billion in 2017, 4.1% (\$2.8 billion) more than 2016, and 17.6% greater than 2007 levels.

The US is the UK's second largest trading partner after the EU and is also the UK's second largest export market. The US accounted for 19% of the value of UK exports in 2016/17, second only to the EU as a whole, which bought 44% of UK exports. The US is also the UK's second largest import market. In 2016/2017, 11% of the value of UK imports came from the US, compared to 53% from the EU.

Recommendations

AdvaMed and ABHI wish to ensure that any US-UK FTA provides uninterrupted benefits to patients and to economic growth within the medical technology sector. We support our respective governments' effort to achieve this goal and the goal of free, fair and reciprocal trade between the two countries. The US and UK should exempt each other from any and all current or future export restrictions.

The advances in the recent US Mexico Canada Agreement (USMCA) provide a strong foundation to build upon in a US-UK Trade Agreement that can set the highest global standards and establish both countries as world leaders in innovation. The following provisions are key to achieving that goal:

- > **Good Regulatory Practices:** Bilateral commitments would follow important principles on how regulations are developed – including open and transparent practices, advance planning, regulatory impact assessments and retrospective reviews.

- > **Medical Device Annex:** We favor the inclusion of a medical device annex, consistent with past free trade agreements, to ensure consideration of internationally developed guidance, use of risk-based systems, basing approvals solely on safety and effectiveness, and following reasonable timelines for reviews; also, mutual recognition of quality management system audits that conform to the Medical Device Single Audit Program (MDSAP).
- > **Transparency and Procedural Fairness (TPF):** We favor the inclusion of an annex on transparency and procedural fairness that would be consistent with prior trade agreements would be highly desirable in a US/UK FTA.
- > **Technical Barriers to Trade:** Ensure that standards and technical regulations are developed in a fair and transparent manner and based on international standards, with non-discriminatory conformity assessment.
- > **Tariffs:** Establish a zero tariff in medical devices between the US and the UK.
- > **Customs and Trade Facilitation:** Ensure the provision of improved and streamlined customs clearance procedures to facilitate trade.
- > **Anticorruption:** Consistent with prior agreements, the US/UK FTA should contain an anticorruption provision to combat corruption and support the rule of law.
- > **(Foreign) Investment:** Ensure non-discriminatory treatment of foreign investors; prohibiting local content and other performance requirements.
- > **Small and Medium-sized Enterprises (SMEs):** Address and minimize challenges for SMEs when conducting business internationally.
- > **Government Procurement:** A section to address government procurement, consistent with prior trade agreements, would be beneficial.
- > **Mutual Recognition Agreement (MRA):** MHRA would recognize FDA approvals and approve medical technologies for use in the UK upon proof all conditions of FDA approval have been satisfied. Similarly, FDA would recognize MHRA approvals and approve medical technologies for use in the US upon proof all conditions of MRHA approval have been satisfied.
- > **Digital Trade:** A dedicated digital trade provision within the agreement should allow for the transmission of information across borders to maximize patient benefit and facilitate beneficial medical research and clinical trials while still protecting personal privacy.