

**EU-US SUMMIT
LONDON, 18 MAY 1998**



441.2(103)

**EUROPEAN UNION
SUMMIT PRESS PACK**

CONTENTS

Background brief 1 : US extraterritorial legislation

The dispute over the US's Helms-Burton and ILSA legislation

Background brief 2 : Trade issues

Bilateral trade issues, the WTO Ministerial, current concerns

Background brief 3 : Bridging differences and forging ahead

Other Summit stories : global issues, foreign policy, extending the dialogue

Background brief 4 : Summit background

Summit agenda, the New Transatlantic Agenda, key EU personalities



EUROPEAN COMMISSION
DIRECTORATE GENERAL X
Information, Communication, Culture, Audiovisual
Information and communication strategy
ECCO

ec: H. O. S.

FAX

Date: 15/5/98
From: Linda Cain
T-120 5/96
Telephone: (+32-2)2999100
Fax: (+32-2)2999203/99
197
To: Heads of
Representations
Telephone:
Fax:
Number of pages: 13 + cover

Subject: EU / US Summit

Message:
Press pack as promised

PRESS BACKGROUND BRIEF 1 – EU-US SUMMIT, LONDON 18 MAY 1998**US EXTRATERRITORIAL LEGISLATION**

The European Union - while fully committed, like the United States, to promoting peace, democracy and respect for human rights, and to combating terrorism and the proliferation of weapons of mass destruction - is opposed to the use of extraterritorial legislation, both on legal and policy grounds.

In the last few years there has been a surge of US extraterritorial sanctions legislation both at federal and sub-federal level. A recent study has recorded that in just a four-year period (from 1993-96), 61 U.S. laws and executive actions were enacted authorising unilateral economic sanctions for foreign policy purposes. Thirty-five countries were targeted.

The EU has expressed its concern about this development on numerous occasions. Such laws represent an unwarranted interference by the U.S. with the sovereign right of the EU to legislate over its own citizens and companies, and are, in the opinion of the EU, contrary to international law.

The EU's WTO Panel and the "Understanding" of 11 April 1997

In October 1996, the EU asked the WTO to set up a dispute settlement panel in respect of the LIBERTAD ("Helms-Burton") Act. However, in April 1997 an Understanding was reached with the US covering both the LIBERTAD and the Iran Libya Sanctions Act ("ILSA" or "D'Amato").

Under this, the Community agreed to suspend its WTO case regarding the Helms-Burton Act. In exchange for this suspension the US agreed to waive the right for its nationals to file suits against foreign companies under Title III of the Helms-Burton Act and to consult the US Congress with a view to obtaining a waiver of Title IV of the Act which imposes US entry restrictions on executives and shareholders of firms "trafficking" in Cuba.

The Understanding calls for the development of disciplines which "should inhibit and deter the future acquisition of investments from any State which has expropriated or nationalised such investments in contravention of international law, and subsequent dealings in covered investments".

In addition, and in parallel, the Understanding also calls for the EU and the US to work together to address and resolve through agreed principles the issue of conflicting jurisdictions and secondary boycotts.

The suspension of the Panel expired on 21 April 1998 (one year after the request for its suspension). However, the EU has made it clear that if action is taken against EU nationals under either Act after this date, or if waivers are not granted or are withdrawn, then the WTO case will be resumed.

The EU's terms for agreement

We are close to agreement with the US on disciplines relating to investments in illegally expropriated property and on principles regarding the use of sanctions. However, these agreements form only part of an indivisible and comprehensive package covering the various, equally important, components of the 11 April 1997 Understanding.

This means that, besides agreement on disciplines and principles, the US must grant us secure and satisfactory waivers neutralising the extraterritorial effects of the Acts in question. These waivers are an imperative and *sine qua non* condition for the comprehensive package.

For the Helms-Burton Act, this implies the continuation of the suspension of the right to file suit under Title III of the Act. It also involves the amendment of the Act so as to provide the President with the authority to waive Title IV, and the effective granting of such a waiver to the EU.

For ILSA, it implies the granting of secure and satisfactory waiver applicable to the entire EU.

US sub-federal sanction legislation

With regard to the multiplication of sub-federal sanction legislation the EU hopes that a firmer position from the U.S. Federal Government can put a lid on this trend. The Massachusetts Selective Purchasing Law is a prime example of sub-federal sanction legislation and we have already started WTO consultations on this issue. We trust that an amendment to the Massachusetts law can soon be introduced and enacted to render it compatible with the US's international obligations in this field.

The EU's Position

The EU has been working intensely with the US to negotiate a solution to the problem of US extraterritorial laws. The EU not only believes such laws are illegal, but that they are also counterproductive – in that they make EU/US co-operation more difficult.

The EU believes a solution must be comprehensive and offer secure and lasting guarantees to European companies. This must mean not only that no action will be taken against them under either law, but also that the US Government will oppose and resist the imposition of any future laws.

PRESS BACKGROUND BRIEF 2 – EU-US SUMMIT, LONDON 18 MAY 1998**TRADE ISSUES**

The EU-US trade and investment relationship is the biggest in the world – its health is vital not only for the economy of each of the partners, but also as a mainstay of the global trading system. More than ECU 350 billion's worth of goods and services are traded between the EU and US each year, and each partner is the other's largest source and destination of foreign direct investment.

The EU is firmly committed to maintaining and strengthening the health of this relationship. This is one reason why we have put so much effort into the satisfactory resolution of the dispute over the US's extraterritorial legislation, which is threatening the efficient conduct of transatlantic trade and investment.

Agreement at the EU-US Summit for the removal of the threat posed by this legislation of US sanctions against EU companies seems to be within reach. Such an accord would open the way for the resumption of "business as usual" in transatlantic trade and for reinforcement of the transatlantic economic partnership.

The New Transatlantic Agenda committed the EU and US to seek ways of tackling many of the remaining barriers to the flow of goods, services and capital across the Atlantic. With advice from the business community on both sides of the Atlantic (the "Transatlantic Business Dialogue") the EU has pursued a programme of negotiations on progressive removal of barriers to trade and in particular some of the expensive and complex non-tariff barriers. The signature at the Summit of a Mutual Recognition Agreement in a number of areas is one fruit of these endeavours.

These barriers must continue to be tackled in a more ambitious way. Summit Leaders are expected to announce a reinforcement of the transatlantic economic partnership. This will involve negotiations and intense discussions in the coming months to address not only joint action on bilateral trade issues but also seek ways of providing momentum for multilateral trade and investment liberalisation. It will be instrumental in setting an agenda for a more open and accessible world trading system and will greatly improve the economic relationship between the EU and US. The initiative will benefit not only EU and US businesses and consumers, but will also provide joint leadership for global trade and investment promotion as we enter the new millennium.

Summit Leaders will therefore look forward to attending later the same day the Ministerial Meeting of the World Trade Organisation (WTO), which will celebrate the 50th Anniversary of the General Agreement on Trade and Tariffs (GATT). We hope that this will lay the groundwork for further comprehensive multilateral negotiations to start by 2000.

The Summit provides an opportunity too to address trade disputes in a constructive way. Such disputes are inevitable given the huge volume of trade, but they are still irritants in an overall healthy relationship. The EU will raise its concerns about the effects of sub-federal sanctions, in particular those adopted by the state of Massachusetts against Burma. We shall also express our concerns about the possible introduction of a US quota on wheat-gluten: this would seriously restrict trade and would send entirely the wrong signal about our joint commitment to increased openness in trade.

The US is expected to raise concerns about the EU's approach to hormones in beef and its regime on the import of bananas. The EU is confident that it is acting in full compliance with WTO obligations on these issues. The question of EU approvals for US exports of genetically modified foodstuffs is also likely to be raised – here it is important that the EU is responsive to the environmental and public health issues about which the European public has considerable and legitimate concerns.

Alongside these trade questions, the EU and US will welcome progress which has been made in the fields of the appropriate regulation of electronic commerce and in the field of the protection of intellectual property rights in third countries.

PRESS BACKGROUND BRIEF 3 - EU-US SUMMIT IN LONDON, 18 MAY 1998**BRIDGING DIFFERENCES AND FORGING AHEAD****Resolution of transatlantic trade dispute could open the way for more EU-US co-operation**

Relations between the European Union and the United States have been edgy for more than two years because of a major transatlantic dispute over trade and investment with Cuba, Iran and Libya. In the run-up to the EU-US Summit in London on 18 May the European Commission will do its utmost to achieve a deal which will finally remove the threat of US action against the freedom of EU companies legitimately to trade with and invest in these countries. And because this US threat has jeopardised the conduct of the huge transatlantic trade and investment relationship, its removal will open the way for action and negotiations to relaunch our transatlantic economic partnership on a strengthened footing. Further details on these developments are in other background notes.

EU-US relations have not been on hold during this dispute, however. Summit leaders President Santer and Prime Minister Blair for the EU and President Clinton for the US will be reporting on a whole host of transatlantic achievements since the last Summit in December 1997, and will map the way ahead for more than 50 specific joint initiatives between now and the end of the year alongside the hoped-for trade and investment opening. These range from jointly promoting economic and democratic reform in Ukraine to supporting links between EU and US trade unionists.

Global challenges will be met together

In an increasingly complex world the EU and US have recognised that there are challenges facing our people which can only be met if we work together. Drugs, terrorism, organised crime, proliferation of weapons of mass destruction and environmental degradation are all problems which we have agreed to work on together.

Summit Leaders will be presented with the results of the highly successful Caribbean Drugs Initiative, information about which will be on display at the joint Press Conference. They will consider expanding this co-operation to other regions such as Central Asia, Latin America and Southern Africa.

They will also adopt a statement on combating the proliferation of weapons of mass destruction. The EU and US have a strong common interest here and have agreed a number of very concrete actions which we shall pursue jointly to pursue the objective of non-proliferation, including specific measures on Iran.

The EU fought hard for ambitious targets for reductions in greenhouse gas emissions at the Kyoto Conference on Climate Change last year. We were partially successful in persuading our US partners in joining with us to protect our children's future but only gained agreement on more limited reductions than the EU had proposed.

Now we are co-operating closely to ensure that the Kyoto agreement is put into practice. We aim to co-operate closely with the US to ensure that there are fair and transparent rules on emissions trading and to work together to find ways of increasing developing countries' commitment to Kyoto follow-up.

Terrorism remains a constant threat to our security and citizens' well-being. A statement to be released at the Summit will commit the EU and US to increased co-operation, including the sharing of intelligence, to combat this menace.

Organised crime is an increasing threat both to our security and prosperity. EU-US co-operation in this field is wide-ranging. At the Summit one particularly successful example of EU-US co-operation – against the insidious and degrading trafficking of women - will be highlighted. Further details of EU and US prevention campaigns in Poland and Ukraine to warn women of the dangers of seemingly attractive job-offers in western Europe will be on display at the Press Conference.

Summit leaders share honours with defenders of human rights and democracy

Joining Prime Minister Blair and the two Presidents at a reception at the Summit will be six of the fifty recipients of the first EU-US Civil Society and Democracy Awards in central and eastern Europe. These awards of \$20,000 are being made to individuals in 26 countries who have made an outstanding contribution to the promotion of democracy and development of civil society in their countries as they made the transition from post-Communist societies into fully-fledged democracies. Those present at the Summit include courageous defenders of human rights from Bosnia, Kosovo, Belarus, the Russian Federation, Latvia and Slovakia.

Also joining the Leaders at the reception will be representatives of people working on projects to tackle social exclusion both from the US and in the EU. These project leaders met at an EU-US Conference in Akron, Ohio earlier this year and are now seeking to develop ways of working together in the future.

Jointly pursuing key foreign policy goals

With the Middle East Peace Process at a highly critical stage for some time, the Summit will provide an opportunity for a discussion of how the EU and US can best co-operate to promote peace in that region. Intensified EU-US co-operation on the issue has already enabled the EU to complement in political terms its role as the most important financial supporter of the peace process and we welcome the new high-level co-ordination mechanisms that has been established between the EU and US. Building on Prime Minister Blair's April initiative and the European Commission's recent Communication on the peace process, we will continue to work closely with the US for an effective relaunch of the process.

We shall also seek to enhance EU-US partnership in finding a solution to the problem of Cyprus. This is a central goal for the EU, as it negotiates over the accession of Cyprus to the Union.

The EU and US will also send a firm message to Serbia on the potentially inflammable situation in Kosovo. The vital strategic importance of steady progress towards democratic and economic reform in Ukraine has long been recognised by both the EU and US. We have reinforced our joint approaches to Ukraine on a range of economic issues and, in the G7 context, on the still difficult issue of closure of reactors at Chernobyl. The EU and US also have a number of joint projects in Ukraine to promote civic education, good governance and civil society, an initiative which has been particularly strongly supported by the European Parliament.

Summit leaders keen to extend dialogue beyond governments

For the European Commission one of the most exciting and important aspects of the New Transatlantic Agenda is its commitment to the involvement of players other than administrations in the discussions.

At the Summit, Leaders will welcome steps taken to reinforce the role of parliamentarians in the transatlantic relationship. They will also be presented with a report on the trade liberalisation agenda from representatives the Transatlantic Business Dialogue.

In line with European Commission proposals, individual systematic transatlantic dialogues are to be launched between consumer groups, trade unionists and NGOs working in the field of development assistance and humanitarian aid. Plans for other such dialogues are also in hand – the aim to ensure that ordinary citizens can make their own input into a process which is often perceived as over-dominated by government and big business.

PRESS BACKGROUND BRIEF 4 - EU-US SUMMIT, LONDON 18 MAY 1998**SUMMIT BACKGROUND**

EU-US Summits, held every six months towards the end of the term in office of each successive Presidency of the EU Council of Ministers, bring together the President of the European Commission, the President of the European Union Council of Ministers and the President of the United States of America to discuss the achievements of the previous six months and to map out new initiatives for the future.

This, the sixth such Summit from the signing of the New Transatlantic Agenda, brings together President Santer, President-in-Office Blair and President Clinton, together with their foreign and trade ministers.

This briefing covers the Summit agenda and documentation, background on the New Transatlantic Agenda and key EU personalities at the Summit.

Summit agenda and documents**Agenda**

The main focus of this Summit will be economic. The resolution of the issue of the US's extraterritorial legislation ("Helms-Burton" and "Iran-Libya Sanctions" Acts), if achieved, will open the way for reinforcement of the transatlantic economic partnership by tackling barriers to flows of goods, services and capital across the Atlantic.

But the Summit Leaders will devote time too to discuss foreign policy issues, including the Middle East Peace Process, Cyprus, Kosovo, Ukraine and Iran, as well as issues of global concern including environment and organised crime and terrorism, where they will highlight the success of specific co-operative projects.

They will also underline the importance of the involvement of non-governmental players in EU-US relations, with the announcement of the launch of consumer and trade union transatlantic dialogues and the invitation to a Summit reception of representatives of NGOs combating social exclusion from both the EU and US. Also invited to the reception will be some of 50 individuals receiving the first Civil Society and Democracy Awards for outstanding contributions to the development of Civil Society in central and eastern Europe.

Documents

Summit documents will be available at the Summit Press Conference and shortly afterwards on the Europa WWW server at <http://www.europa.eu.int>

The New Transatlantic Agenda

A new quality of partnership.....

On 3 December 1995 at the EU-US Summit in Madrid, President Santer, Spanish Prime Minister Gonzalez, then President of the European Council, and US President Clinton signed the New Transatlantic Agenda (NTA). This was a new framework for a partnership of global significance, designed to lend a new quality to the transatlantic relationship, moving it from one of consultation to one of joint action in four major fields:

- Promoting peace and stability, democracy and development around the world;
- Responding to global challenges;
- Contributing to the expansion of world trade and closer economic relations;
- Building bridges across the Atlantic.

The NTA is accompanied by a Joint EU-US Action Plan setting out no less than 150 specific actions to which the EU and US have committed themselves. These range from promoting political and economic reform in Ukraine to combating AIDS; from creating a New Transatlantic Marketplace to promoting transatlantic town-twinning. It is an agenda which is ambitious, outward-looking and which affects all sectors of society from big business to the individual citizen.

.....with concrete benefits for the partners

Since the NTA was adopted, the EU and US have made excellent progress in implementing the actions which were agreed. We have reduced barriers to trade, benefiting businesses and consumers on both sides of the Atlantic as part of the creation of a New Transatlantic Marketplace. A more comprehensive initiative to pursue this objective has been proposed by the European Commission to reinforce the economic relationship between the EU and the US and to give new impetus to multilateral efforts to reduce trade and investment barriers globally.

We have concluded agreements on the mutual recognition of standards and to work together on customs procedures. We have joint projects in Ukraine to promote civil society and in the Caribbean to combat illicit drugs. We have decided to co-operate systematically in Science and Technology and on Higher Education and Vocational Training. We have encouraged parliamentarians, business-people, trade unionists, consumers and people from all walks of life to meet and to make their own input into our dialogue.

Alongside all of this co-operation, the NTA also provides us with a framework within which we can address our differences more constructively. A partnership of equals does not exclude tough talking on difficult issues. But the strength of our relationship means that even thorny issues such as the US's extraterritorial legislation and different approaches to hormones in meat and genetically-modified food do not prevent progress in other areas.

.....and a positive impact on the global community

As powers of global significance, the EU and the US have a responsibility to co-operate to provide leadership in the world. The NTA is quite deliberately an outward-looking agreement committing both partners to co-operate on issues of global importance. This applies as much to the field of foreign affairs and development as to the more traditional area of trade.

Together, the EU and the US are working to promote the Middle East Peace Process, to alleviate poverty in the developing world, to build peace in the former Yugoslavia and to support a smooth transition to market-based democratic systems in the countries of central and eastern Europe. We have also co-operated to address the global issues which are of most concern to our citizens, agreeing measures to combat international organised crime and terrorism, to stem the trade in illegal drugs and to protect the global environment. And we are working together in organisations such as the World Trade Organisation and the Organisation for Economic Co-operation and Development to encourage our trading partners to join with us in our efforts to liberalise trade and investment on a multilateral basis so that businesses and consumers across the world can benefit from the economic gains that these bring.

An intensive dialogue

Such an ambitious agenda of co-operation between the EU and US in such a large number of areas requires intensive dialogue. Twice-yearly Summits between the Presidents of the European Council and the European Commission and the President of the United States mean that work on the implementation of the NTA is monitored constantly at the highest level and priorities for each six-month term are identified.

The Summits are prepared by a Group of Senior Level Representatives (SLG), (composed of two senior officials each from the Commission, the Presidency and the US State Department) which has been entrusted to oversee work on the NTA and particularly the priority action which the Summit leaders have identified. They meet 2-3 times in every six-month term and prepare a report to the Summit leaders on achievements and new priorities. In addition, a number of specialised high-level groups oversee co-operation in particular areas such as development co-operation, environmental issues, biotechnology and information society.

The SLG is supported in its work by a NTA Task Force, which follows closely the day-to-day implementation of the NTA, prepares the SLG meetings, and recommends areas for SLG input.

EU Participants at the Summit

Jacques Santer, President of the European Commission

Jacques Santer was nominated President of the European Commission since January 1995, having been Prime Minister of Luxembourg since 1985. After his re-election in 1989, he was also Minister of the Treasury and Minister for Cultural Affairs. In his first term (1984-1989) he served additionally as Minister of Finance and Telecommunications.

A Doctor of Laws and a graduate of the Institute of the Political Science (Paris), Santer has been involved in the highest levels of European as well as national politics most of his professional life. He has twice been President of the European Council (in 1985 and 1991). In 1980 he chaired the Council's meetings on Finance and Social Affairs while he was Luxembourg's Minister for Finance, Labour and Social Security (1979-1984).

Mr. Santer was appointed to a four-year term at the European Parliament in 1974 and was re-elected in 1979 and 1984. Prior to that he served as Luxembourg's State Secretary for Social Security and Cultural Affairs from 1972-1974. His first major appointment in national politics was to the Cabinet for Labour and Social Security from 1965 to 1972, during which time he was also Parliamentary Secretary and Secretary-General of the Christian Social Party. He served as President of the party in 1974.

Jacques Santer is married and has two children. He was born in May 1937.

Sir Leon Brittan, Vice President European Commission

Sir Leon Brittan began his third term as Member of the European Commission in January 1995 and was appointed one of its two Vice Presidents. During his current five-year mandate, he is serving as EU External Relations Commissioner for North America and parts of Asia (including Japan and China), and is also responsible for the EU's common trade policy, relations with the World Trade Organisation (WTO) and the Organisation for Economic Cooperation and Development (OECD). In his second term (1993-1994), he was EU Commissioner for External Economic Affairs and was the EU's chief negotiator in the Uruguay Round. He was first appointed to the Commission in 1989. In his first term (1989-1992) he was responsible for Competition Policy and Financial Services.

Sir Leon, who was a Conservative member of the British Parliament from 1974-1988, held several Cabinet posts in the British Government. He served as Secretary of State for Industry and Trade (1985-1986), Home Secretary (1983-1985), Chief Secretary to the Treasury (1981-1983), and Minister of State at the Home Office (1979-1981).

Born in London on September 25, 1939, Sir Leon was educated at Trinity College, Cambridge, and was a Henry Fellow at Yale University. In 1962, he was called to the Bar and in 1978 received the prestigious appointment as Queen's Counsel. In 1983, he became a member of the governing board of the Inner Temple, one of London's four unincorporated legal societies.

Sir Leon is married and has two stepdaughters. He was knighted in January 1989.

The Right Honourable Tony Blair MP, Prime Minister of the United Kingdom and President-in-Office of the European Council, was born in 1953 and is married with two sons and a daughter. After reading law at Oxford and being called to the Bar in 1976, he practised as a barrister until 1983 when he entered Parliament.

He was promoted to the opposition's Treasury front bench team in 1985 and in 1987 became spokesperson on Trade and Industry. Elected to the Shadow Cabinet in 1988, he occupied the posts of Shadow Secretary of State for Energy and subsequently for Employment. In 1992 he became Shadow Home Secretary and Leader of the Labour Party in 1994. He became Prime Minister in May 1997.

The Right Honourable Robin Cook MP, Secretary of State for Foreign and Commonwealth Affairs, was born in 1946, and studied at the University of Edinburgh. Having been an Edinburgh City Councillor, he was elected as Member of Parliament for Edinburgh Central in 1974, and has sat as the member for Livingstone since 1983.

In 1987 he was appointed Shadow Health Secretary and Social Services Secretary and served as Shadow Trade and Industry and Shadow Foreign Secretary until 1997. He became a Privy Councillor and Chair of the Labour Party in 1996. In May 1997 he became Secretary of State for Foreign and Commonwealth Affairs.