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The Transatlantic Business Dialogue

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SUMMARY

Governments on both sides of the Atlantic are promoting closer ties between U.S. and European business executives through a new government-sponsored initiative, the Transatlantic Business Dialogue (TABD).¹ A European Commission press release noted that the aim of the TABD is "to encourage links on both sides of the Atlantic, and to provide a platform for industrialists on both sides of the Atlantic to discuss their views on how EU/US commercial and industrial relations might develop."² U.S. and European heads of corporations and business associations are scheduled to meet in Seville, Spain in November 1995.

The response of U.S. business to the proposed transatlantic initiative has been relatively muted, especially if one considers the enthusiasm with which business greeted the EC-92 single market initiative during the late 1980s. The relative lack of enthusiasm may be tied not only to doubts about the overall purpose of the initiative but to a concern that the United States and the EU may not be able to advance much beyond what was agreed to in the Uruguay Round (UR) of the GATT.

Given the importance of the U.S. political, security, economic, and trade relations with Europe, the Transatlantic Business Dialogue may be of general interest to Congress. Whether the TABD succeeds in becoming an institutionalized process, the chief executive officers (CEOs) meeting in Spain may produce a report that contains a list of trade-related recommendations that would require congressional action to implement.

¹ See U.S. Library of Congress. Congressional Research Service. *A New Transatlantic Initiative? U.S.-EU Economic Relations in the Mid-1990s*. CRS Report 95-983 E, by Glennon J. Harrison. September 15, 1995. 22 p.

² European Commission. *EU and US Boost Transatlantic Business Dialogue*. IP/95/753. July 12, 1995. For a discussion of the dimensions of the economic relationship, see U.S. Library of Congress. Congressional Research Service. *The European Union: The World's Largest Trading Bloc*. CRS Report 95-43 E, by Glennon J. Harrison. December 22, 1994 and *U.S.-European Union Trade and Investment*. CRS Report 95-34 E, by Glennon J. Harrison. December 20, 1995.



AN AGENDA FOR BUSINESS?

The TABD was initially suggested by Secretary of Commerce Ronald Brown on December 15, 1994, and further developed in meetings between Secretary Brown and European Commission Vice-President Leon Brittan and Commissioner Martin Bangemann in February 1995.³ After the meeting, Secretary Brown, Vice-President Brittan, and Commissioner Bangemann sent a letter to approximately 1800 U.S. and European companies or business associations (400 were sent to American associations and companies, of which 80 responded) asking for their ideas in order to develop an agenda for the TABD. The Department of Commerce produced a summary analysis of the responses, as did the European Commission.

Preparatory meetings between government officials and U.S. and European business executives were held in Washington and Brussels in June 1995, to identify key issues in the development of closer business cooperation. Additionally, progress was made in preparing an agenda for a meeting to be hosted by the Spanish Government in Seville in November 1995. The Seville meeting, which will be sponsored by the European Commission and the U.S. Department of Commerce, will formally launch the TABD. The European Commission has noted that many of the participants at the June meetings reacted positively to the TABD initiative and have expressed a commitment to participate in the dialogue.⁴

On July 27, 1995, high-level American and European government officials met again in Brussels to finalize the Seville agenda for the official TABD kickoff. Representatives of European and American business also attended the meeting. Four priority topics were selected for the TABD agenda, including

(1) product and performance regulations: standards, testing and certification;

(2) furthering bilateral trade liberalization: tariff and non-tariff barriers, public procurement and research programs, and trade laws;

(3) furthering international investment and cooperation (bilateral and multilateral); and

³ U.S. Department of Commerce. Remarks by U.S. Secretary of Commerce Ronald H. Brown at the American Chamber of Commerce in Belgium and its EC Committee. Brussels, Belgium. December 15, 1994.

⁴ European Commission, op.cit.

(4) possible areas of cooperation in third countries (bilateral and multilateral).⁵

In addition, there was agreement to form a sixteen-member TABD steering committee, which is to include government representatives and chief executives of American and European companies. As of mid-August 1995, the U.S. component (eight members) of the steering committee had two U.S. Government representatives and three private-sector members (the heads of the National Association of Manufacturers, the EU Committee of the American Chamber of Commerce (in Brussels), and the Xerox Corporation). The other three private-sector members (all of whom are expected to be CEOs of U.S. companies) were to be named prior to the next steering committee meeting in Brussels on September 12, 1995, according to Charles Ludolph, Director of the Commerce Department's Office of European and Regional Affairs.

While there is no apparent opposition to the TABD, businesses have offered only cautious support for the initiative. Business sources say that U.S. business generally supports more dialogue but note that, in addition to the TABD, numerous other channels already exist for business-to-business discussions. Hesitancy to jump on board the TABD may be related to process, logistics, and issues. Various businesspersons, who spoke on condition of anonymity, raised concerns about the TABD. They question whether the TABD, as a process, is different from other previous efforts. They note the issues are the same ones that have been at the center of discussions for more than a decade (standards, investment, and tariff and nontariff barriers). They note that, while progress was made in the Uruguay Round, that agreement took years to reach -- largely because of disagreements between the United States and the European Union. They also wonder whether or how much business will be willing to invest in a meeting that some are concerned may be a one-shot affair.

There are also concerns that the TABD is Commerce Department-driven and may lack broad support by other U.S. Government agencies with substantive interests in issues that will be the subject of the dialogue. For instance, they note that, quite distinct from the TABD, the State Department, the European Commission, and the Spanish Presidency of the EU have each named two persons to participate in a Senior Level Group to work on a "vision for a transatlantic dialogue" in preparation for a December 1995, summit

⁵ U.S. Department of State telegram, "Preparatory Planning Meeting of the Transatlantic Business Dialogue (TABD), July 27, 1995," prepared by U.S. Mission to the European Union, Brussels, July 31, 1995. Each of these areas for dialogue are a part of existing negotiations or ongoing discussion between the United States and the EU. In a May 15, 1995, response from the President of the Chamber of Commerce of the United States, Richard Leshner, to the joint letter from Secretary Brown and EU Commissioners Brittan and Bangemann, Leshner identified many of the items that will be discussed at the Seville meeting. But he also identified an issue that would probably make U.S. firms pay more attention to Europe: the completion of the single market. Although the EU acts as if a single market is reality, there are a number of areas where a single market is far from being achieved (including telecommunications, standards, and procurement). The letter also noted that "just over 50 percent of the single market measures that require national implementation in all EU countries have been transposed into national law."

between the United States and the European Union. There is a question about the link between the Commerce and State Department initiatives.⁶ Critics also point to the specific issues that will be discussed at the November 1995 meeting (standards, tariff barriers, third country cooperation, and investment) and suggest that these might be more appropriately addressed by corporate personnel other than CEOs. Finally, some have suggested that the TABD represents little more than a repackaging of existing agenda items. It would still appear that U.S. business prefers more U.S.-EU engagement to less, and suggests the idea of more direct business involvement. But U.S. business seems to question whether the TABD, with its direct CEO participation in a high visibility summit, is the best vehicle available.

⁶ According to the Commerce Department, the recommendations from the November conference will be directly forwarded to the Presidents of the United States and the European Union, and the Prime Minister of Spain for their December Summit.