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NOTE FOR THE ATTENTION OF MR H.F. BESELER
DIRECTOR GENERAL DG I

Handwritten signature: H. F. Beseler

Subject: Article on the New Transatlantic Agenda

Please find enclosed a copy of an article extracted from the European Community Studies Association Newsletter. It is entitled "Motivations and Long Term Significance of the New Transatlantic Agenda" and its author is Mr Anthony Gardner, former Director for European Affairs in the National Security Council in Washington.

The article gives a brief summary of two aspects of the NTA which so far have received little attention: the motivations of the US and the EU in launching it and the reasons why the NTA is likely to be of long-term significance.

I feel this article is particularly useful in putting the NTA into its proper perspective.

Handwritten signature: Ove Juul Jørgensen

Ove JUUL JØRGENSEN

cc:

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Motivations and Long-Term Significance of the New Transatlantic Agenda

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The New Transatlantic Agenda signed with much fanfare at the US-EU Summit in Madrid on December 3, 1995, differs from previous platitudes about common transatlantic values and traditions; rather than being inspired by nostalgia, it is a concrete blueprint for action in response to the fundamental truth of today's interdependent world that many of the most important challenges facing the United States and the European Union cannot be addressed satisfactorily by either acting alone. These challenges—such as international crime, terrorism, environmental destruction, poverty and disease—are transnational in scope and require human and financial resources which exceed those at the disposal of Washington or Brussels at a time of increasing budgetary austerity.

Rather than review the content of the Agenda, which is already well known, this article gives a brief summary of two aspects of the Agenda which have received less attention: the motivations of the US and EU in launching it and the reasons why the Agenda is likely to be of long-term significance.

Motivations Leading to the Agenda

The Agenda was born of common concerns in Europe and the United States, as well as concerns specific to each. On this side of the Atlantic, the most important motivation was to ensure continued US engagement in Europe. After the fall of the Berlin Wall, a growing chorus of leaders and commentators in Europe expressed concern that the end of the Cold War would weaken the transatlantic link by diminishing the importance of Washington's security guarantee which had underpinned US-European relations since 1945. President Clinton's emphasis on domestic economic and social renewal and US free trade initiatives with Asia and Latin America, were widely misinterpreted in Europe as being further evidence of a drift of the United States from Europe. This concern became acute after the November 1994 Congressional elections which appeared to indicate a turn of US public opinion toward isolationism and unilateralism.

The United States was attracted to the New Transatlantic Agenda for rather different reasons. Europeanists within the Clinton Administration have not, by and large, believed that the United States is drifting away from Europe. However, many have been preoccupied by the potential threat that transatlantic trade disputes may re-emerge as major irritants in the transatlantic relationship (as they were before the Uruguay Round) if they cease to be imbedded in a broader relationship. As trade gradually assumes a higher profile than security in transatlantic relations, according to this view, NATO is destined to lose some of the utility it has had as the central institution for promoting and symbolizing common interests. There is, therefore, a need to

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2. update and reinforce the structures of transatlantic cooperation which were forged during the Cold War.

One of the main reasons why the White House took a close interest in the New Transatlantic Agenda had to do with domestic politics: following the election of hostile Republican majorities in the House and Senate in November 1994, the White House found that its room for maneuver on its domestic agenda had become rather restricted and that foreign policy had become doubly important as an arena for the president to look "presidential." The Agenda also appealed to those within the administration who felt that Clinton, as the nation's first post-Cold War president and the leader of the Free World, needed to articulate a vision of US foreign policy and a New World Order in which the containment of Soviet power ceased to play a dominant role.

An important part of this vision was a Europe united around the principles of democracy and free markets and of a larger transatlantic community embracing Central and Eastern Europe through its integration into Western institutions. Inspired by the history of the transatlantic partnership, which had been the strongest force in the world over the last half century for the strengthening of democracy, the liberalization of trade and the promotion of global development and prosperity, the Clinton Administration sought to identify those areas where the US and EU supplement their consultations with joint actions to achieve common objectives.

The New Transatlantic Agenda also responded to the perception in Washington that the US-EU relationship should be adapted to reflect the EU's newly acquired powers under the Maastricht Treaty, particularly those aimed at achieving a common foreign and defense policy and an economic and monetary union. The need for a structured transatlantic relationship was becoming increasingly important as the member states pooled ever more economic and political competencies in the EU.

By defining a wide range of collaborative projects between the US and the EU in Europe and globally, the New Transatlantic Agenda also served to encourage the EU to assume greater international responsibility. The United States had already been pushing the EU to assume primary responsibility for assistance to Central and Eastern Europe after the fall of the Berlin Wall and had supported its desire to lead international efforts at resolving the crisis in the former Yugoslavia. The EU's timid approach to the integration of Central Europe and its inability to cope with the conflict in Bosnia underscored the need for an initiative that would encourage the EU to apply its financial and diplomatic resources internationally in partnership with the United States.

Although strengthened transatlantic relations clearly responded to a need, launching a major new initiative just before the opening of the Inter-Governmental Conference was clearly a risk from Washington's perspective: the EU might become entirely self-absorbed with the task of defining the proper balance between inter-governmentalism and supranationalism within the Union; even if the EU has sufficient energy to devote to the initiative, it was uncertain whether the member states would permit the Community, and the Commission in particular, to enhance its foreign policy profile. Indeed, the near failure of Maastricht ratification and growing opposition to further European economic and political integration indicated that the Conference might impose limits on the expansion of the Community's competence and maintain the dominance of

member states over foreign and security policy.

Notwithstanding this danger, Europeanists within the Clinton Administration were generally of the view that the United States should not wait until the end of the Inter-Governmental Conference in 1997 before beginning to engage the EU in a more structured partnership; key US interests, including NATO and EU enlargement, the stabilization of the new democracies and market economics of the former Soviet bloc, the opening of new export markets and the stabilization of the Third World were at stake in the short term. At the same time, however, the experience with the working groups confirmed that engaging the EU on some of the areas over which the member states retained competence under the Maastricht Treaty would be a slow and laborious process.

Although the motivations of the US and the EU to engage in the New Transatlantic Agenda were partly distinct, they were also partly identical. The critical motivation for a strengthened transatlantic partnership arose from the common conviction that the most pressing problems facing the US and the EU in an increasingly interdependent world are of a transnational character and cannot be addressed satisfactorily by either acting alone. On both sides of the Atlantic there is a growing desire to cooperate more effectively to combat international crime, terrorism, and the proliferation of weapons of mass destruction, to prevent or control environmental degradation, and to respond more effectively to humanitarian crises. Although the degree of transatlantic consensus is not nearly as high in the area of trade, it is important to note that the Commission, supported by most of the EU member states, shares the Clinton Administration's strategy of pursuing further trade liberalization as a way of promoting growth and creating jobs.

Shrinking foreign affairs budgets on both sides of the Atlantic—resulting from efforts to reduce public debt and government deficits—have convinced many policy makers that independent action to address transnational crises is a wasteful luxury of the past. After the November 1994 Congressional elections giving rise to hostile Republican majorities which endorsed isolationist or unilateralist foreign policies, the Clinton Administration came under particularly severe pressure to further reduce the budget for the State Department and the Agency for International Development. The New Transatlantic Agenda offered the prospect of helping the United States to maintain its superpower status "on the cheap" in the 1990s.

Long-Term Significance of the Agenda

Many observers have concluded, based on the frictions caused by the Helms-Burton and D'Amato legislation, that the Agenda has been a failure and that serious rifts are appearing in the transatlantic relationship. As a former official in the Clinton Administration who was closely involved in the elaboration of the Agenda, I share in the disappointment that not more has been achieved toward carrying out some of the joint actions set forth therein. But it is important to recall that the Agenda was intended to be an ambitious project to take the already close US-EU relationship to qualitatively new levels over the long term, rather than a short-term panacea for occasional transatlantic frictions. The Agenda should therefore be judged according to its long-term potential rather than according to its mixed record thus far.

The fact that the record is mixed should not obscure the significant progress which has been achieved in several areas.

Most significantly, at the December World Trade Organization Ministerial in Singapore the US and the EU forged a plurilateral agreement to eliminate duties on a wide range of electronic products—including computers, software, semi-conductors, telecommunications equipment, computer monitors, fiber-optic cables, capacitors, and digital photocopiers—by the year 2000. This Information Technology Agreement will cover trade worth up to \$600 billion annually, including nearly \$30 billion in transatlantic trade per year. The agreement is likely to boost further US export of information technology products, thereby generating more high-wage jobs in this critical sector.

Although the US and the EU are still having difficulty concluding a Mutual Recognition Agreement on pharmaceutical products, the two sides are close to concluding agreements covering telecommunications and information technology equipment, electrical and electronic products, and recreational craft. Progress has also been made on concluding agreements on science and technology cooperation, veterinary equivalence, customs cooperation and the control of chemical precursors used in narcotics. Finally, it is likely that an agreement will be reached by February 1997 to engage in global liberalization of telecommunications services.

The most significant impact of the Agenda, however, will be over the longer term. In my opinion, there are four main reasons for believing that the impact will be substantial.

Perhaps most important, the Agenda has led to a "widening" and "deepening" of contacts between US and EU officials. Before the launching of the Agenda, consultations remained focused between a few institutional actors: Directorate-General I (External Economic Relations) of the European Commission and the foreign ministry of the EU presidency country, on the side of the EU, and the White House, the Department of Commerce and the Office of the US Trade Representative, on the side of the United States.

Examples of the wider contacts encouraged by the Agenda include the cooperation between the US Department of Education and Directorate-General XXII (Human Resources, Education, Training and Youth) of the European Commission, leading to an agreement on higher education and vocational training signed in December 1995 between US Education Secretary Robert Reilly and EU Commissioner Edith Cresson. There has also been cooperation between the US Department of Labor and Directorate-General V (Employment, Industrial Relations and Social Affairs) of the European Commission, leading to a memorandum of understanding signed between Secretary of Labor Robert Reich and EU Commissioner Padraig Flynn launching a US-EU Working Group on Labor and Employment Issues. This "widening" of transatlantic contacts is particularly significant because it will enrich the dialogue and create new constituencies for US-EU cooperation.

The Agenda has also led to more contacts at deeper levels than had previously been the case. In addition to the traditional meetings at the head of state, ministerial and trade negotiator levels, the Agenda has generated regular meetings in a Senior Group Level between Under-Secretaries and Political Directors and between mid-level officials who do the large bulk of the day-to-day work set forth in the Agenda.

Second, the Agenda has altered the tone and substance of transatlantic contacts. The Helms-Burton Act and the D'Amato Bill have, of course, been the object of strong criticism in the EU.

But frictions over this legislation, as well as over the implementation of peace plans in Bosnia and the Middle East, obscure the fact that the US and the EU are talking to one another more intensively than ever before. In its report to the June 1996 summit, the Senior Level Group reported that "a new spirit of cooperation and commitment to joint action pervades the relationship." This was not simply public relations. Before the launching of the Agenda in December 1995, transatlantic consultations had tended to be briefing sessions given by US officials for their European counterparts, with little substantive dialogue and even less follow-up. By engaging both the US and the EU in a common enterprise of long-term perspective and broad scope, the Agenda has generated a true exchange of views and has strengthened the reflexes of officials to think in terms of transatlantic, rather than purely national, interests and objectives.

Third, the Agenda has vastly increased the range of areas for transatlantic cooperation. Whereas transatlantic consultations used to be focused principally on contentious issues of bilateral trade, the issues on which the United States and the EU are pledged to take joint action cover a vast spectrum—security, international trade, the environment, science, health, education and humanitarian assistance and development, to name just a few. These issues are noteworthy because they are of global rather than just transatlantic interest. Moreover, some of the regions of the world toward which the United States and the EU have pledged to coordinate their foreign policies—such as the Middle East and Russia—are noteworthy because they have often been the source of serious transatlantic disputes in the past.

The United States and the European Union have often pursued divergent policies with regard to the Arab-Israeli conflict and Russia; at certain moments, including during the Yom Kippur War and President Reagan's effort to impose sanctions on European companies participating in the construction of the Siberian pipeline, these divergences have severely strained the transatlantic relationship. Many of the other regions of the world toward which the United States and the EU have pledged in the Agenda to coordinate their foreign policies—such as Central America, the Caribbean and the Horn of Africa—have never previously been the source of systematic transatlantic cooperation.

Finally, unlike the 1990 Transatlantic Declaration and other US-EU agreements, the Agenda was conceived as a flexible document whose Action Plan would be regularly modified at every US-EU summit to reflect progress that has been achieved since the prior summit, the current context of transatlantic relations and different priorities for action in the future. The flexibility of the Agenda, coupled with the task of the Senior Level Group to monitor US-EU relations and to update and revise priorities in the Agenda for consideration at the semi-annual summits, enable the US and the EU to devote as much attention to conflict prevention through 'early warning' as to conflict resolution. It may, therefore, succeed in taking US-EU relations well beyond the sterile model of ad hoc summit meetings and make transatlantic relations more responsive to changing concerns and events—as well as more immediately relevant to the lives of individuals—in Europe and the United States.

Both the US and the EU need to bear in mind that their relationship is and will remain central to the key economic and political challenges facing both sides of the Atlantic into the next century. The New Transatlantic Agenda has charted the course for

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a more effective transatlantic partnership to cope more effectively with those challenges. Progress under the Agenda toward closer US-EU relations will not always be linear or rapid; occasional disputes will continue to arise. But by keeping such transitory issues which divide them in the perspective of those wider, more significant and enduring interests which bind them together, the US and the EU will be more likely to fulfill the great promise contained in the Agenda.⁸
