

Washington, 17 December 1999

**Senior Level Group Report
to the EU-US Summit**

441. 2(103)

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Since our last Summit in June, we have continued during the Finnish Presidency to work closely together within the framework of the New Transatlantic Agenda. There will be new opportunities for cooperation between the European Union and the United States, particularly in the light of developments in the EU, such as the strengthening of Common Foreign and Security Policy structures, including the appointment of a High Representative and the forming of European Security and Defence Policy, and EU enlargement. Looking to the new Millennium, the EU and the U.S. remain committed to the promotion of democracy, sustainable growth and a high quality of life across the globe. We will work to ensure that our efforts contribute to these ends in the spirit of our Bonn Declaration.

We have consulted closely on further steps to implement the principles and mechanisms for early warning and problem prevention adopted at the EU-U.S. Summit in Bonn in order to prevent conflicts and facilitate resolution of problems before they risk undermining our broader relationship. We remain committed to continued close consultations on the various understandings and agreements reached at the 18 May 1998 London Summit. The implementation of all aspects of these remains for both of us a high priority. We have strengthened cooperation on non-proliferation of weapons of mass destruction with a focus on specific proliferation problems in South Asia, Eastern Europe and Central Asia, the Gulf, and the Korean Peninsula. We have also maintained dialogue and cooperation on a range of counterterrorism issues, including on threats to the Middle East Peace Process and on the Taliban.

Major Achievements

The EU and U.S. have worked, in close cooperation with our partners, to develop a shared strategy for the stability and growth of Southeastern Europe, a major challenge for the international community. We continued our cooperation in Kosovo. We have launched the Stability Pact for Southeastern Europe as an important framework for facilitating reconciliation and regional cooperation, as well as the integration of the countries of the region into European and transatlantic structures. By implementing the Stability Pact, we are promoting peace, prosperity and democracy throughout the region. Investment and trade play an important part, as does the fight against corruption. We have agreed with our Stability Pact partners and with countries outside the region to a series of measures to which all the countries of the region will be invited to sign on. We have also worked to promote democracy in Serbia. We are working to give a response to Montenegro's urgent need for technical and financial assistance to stabilise its economy.

The EU and U.S. have maintained and will intensify close contacts on matters related to security and defence. In so doing, we will build on the substantial and constructive accomplishments registered at the Helsinki European Council and the December NAC Ministerial, which include putting in place arrangements to ensure the fullest possible involvement of non-EU European NATO members. As the EU is developing its institutions to implement its common security and defence policy, we agree on the importance of developing modalities for full consultation, cooperation and transparency between the EU and NATO.

Under the Transatlantic Economic Partnership, agreement has been reached to open negotiations on an MRA on marine safety equipment and on the first services MRAs on insurance, architecture and engineering services. We successfully launched the first phase of the TEP biotechnology pilot project. We have signed a Veterinary Equivalence Agreement.

In separate statements to be issued on the occasion of the Summit, we underscore our deep concern about the situation in Chechnya; we also emphasise our firm commitment to addressing the problems and needs in Southeastern Europe; we identify areas where we can deepen cooperation on Northern

Europe; and we set out our common principles and an action plan to address the global problem of the destabilising accumulation and the spread of small arms and light weapons. We also signal our continued commitment to the multilateral trading system and the WTO.

Future Priorities:

At the top of our diplomatic agenda will be cooperation on Southeastern Europe, including implementation of the Stability Pact; on Russia and other States in Eastern Europe and Central Asia; and in support of the Middle East Peace Process. We will explore complementarity between our policies in the Mediterranean Basin. We will continue together to promote peace and stability, democracy and respect for human rights throughout the World, in particular in Africa. We will work to put into effect our joint statements on small arms and on Northern Europe. The EU and the U.S. will continue to work together to construct a strong and enduring approach to European security. We will continue our enhanced cooperation on non-proliferation, counterterrorism and the fight against organised crime. We will amplify informal consultations between our experts, within the NTA framework, on Justice and Home Affairs, as the EU implements its new competences in the area.

We will continue to work towards the launch of a new WTO Round. We will make additional efforts to achieve further results before the next summit on the implementation of the TEP Action Plan and, in particular, we expect to be able to announce agreement on guidelines/principles for effective regulatory cooperation and more transparent regulatory procedures by mid-2000. Resolving our outstanding bilateral disputes remains a high priority. We have decided to take new steps to address the full range of issues of concern in biotechnology both through reinforced high-level dialogue between administrations within the NTA framework and with input from civil society. We will now proceed to establish the modalities of this enhanced dialogue.

The following Appendix outlines in more detail our achievements over the past six months and key priorities for the next six months.

Appendix

Current Achievements

Through the implementation of the early warning and problem prevention principles and mechanisms, we have become more attuned to each other's concerns, political or trade-related. Under the early warning mechanism, the EU and the U.S. have discussed such diverse issues as human rights in Sudan, visa policy under the Schengen Agreement, Harbour Service User Fees, the Electrical and Electronic Waste Directive, Low Frequency Emissions, the Iran non-proliferation Bill, steel wire rods and market access for satellites. The Transatlantic Business, Consumer, Environment and Labour Dialogues have been encouraged to take up the invitation to contribute to identifying early warning issues and to offer options for their resolution. We welcome the steps the Transatlantic Business Dialogue (TABD) has already taken to respond to this. The Legislative Dialogue has an important role to play in the process.

We continued our cooperation in Kosovo to implement UN Security Council Resolution 1244 in all its aspects, particularly regarding interim civil administration, humanitarian affairs, institution building and reconstruction. We worked with each other and the countries of the region, particularly our Bosnian hosts, to stage a successful July Summit in Sarajevo to launch the Stability Pact for Southeastern Europe. In the few short months since Sarajevo, the U.S. and the EU have worked closely with their Stability Pact partners to register a considerable package of achievements, including a regional Anti-Corruption Initiative, a regional Investment Compact, efforts to fight organised crime through the Bucharest Anti-Crime Centre, promotion of independent media in the region, and a donor review process to identify regional priorities that would merit funding. We cooperated closely on the donor coordination process chaired by the European Commission and the World Bank, and agreed on holding a regional funding conference under the auspices of the High Level Steering Group in the first quarter of 2000. Recognising that a democratic Serbia that respects human rights and enjoys friendly relations with its neighbours is essential to the stability of the region, the EU and U.S. have also launched a trilateral dialogue with Yugoslav democratic forces to promote democracy in Serbia and to plan for the eventual

integration of a democratic Serbia into the Stability Pact.

We increased our dialogue and cooperation on non-proliferation issues with Russia, focusing our efforts on cooperative threat reduction and other security activities, in light of the increased proliferation risks from economic turmoil. In particular, we have worked cooperatively to develop complementarity among different multilateral responses to the situation, including those proposed by the EU and by the U.S.-proposed Expanded Threat Reduction Initiative. We have identified new areas for future EU-U.S. cooperation in and with Russia and intensified our efforts on existing ones. Problems of the health (tuberculosis and HIV/AIDS) situation in Russia were one of the priorities. We have consulted closely on the issue of food aid and the need to address agricultural reform.

We have continued to encourage economic as well as political reforms in Ukraine. In the run-up to the 31 October presidential election and beyond, we continued our close political cooperation and made progress on the implementation of the other initiatives set out in our June 1999 summit statement. These include, in particular, energy sector reform, public health (\$2 million each from the EU and the U.S. to fund a HIV programme in Ukraine), the retention of an OSCE presence in Kiev, and our ongoing public diplomacy efforts at developing civil society. An agreement establishing the Kiev Regional Environmental Centre, a joint EU-U.S. initiative, has been signed. We have worked together to support power sector reforms and additional funding for the Chernobyl sarcophagus in line with our commitments under the G7/Ukraine Memorandum of Understanding on closing Chernobyl by 2000. In Belarus, we have cooperated in urging the Government to make progress on human rights and the restoration of democracy and have supported fully the activities of the OSCE Advisory and Monitoring Group and its efforts to initiate and advance government-opposition dialogue.

Our concerted efforts, including through our Special Envoys for the Middle East Peace Process, contributed to the conclusion of the Sharm el Sheikh Memorandum, notably with our parallel letter of guarantees to the Palestinian Authority. We have worked for its timely implementation, the resumption of the Syrian and Lebanese tracks, as well as the early relaunch of the Multilateral track. In parallel, we have contributed, as appropriate, to the successful conclusion of the negotiations on permanent status within the agreed deadline.

Our Special Envoys have continued to cooperate on the Cyprus problem. We have made parallel efforts to alleviate the human suffering and help reconstruction of the worst affected areas in Turkey after the earthquakes in August and November. We joined forces in the humanitarian crises in Kosovo and East Timor. We supported the UN-organised consultation on autonomy, allowing for the free expression of the East Timorese people on their future. Deeply concerned by the violence that erupted, we took part in the international effort to restore law and order (INTERFET) and for the gradual resettlement of displaced persons. We both substantially contributed to UNTAET.

We have consulted each other on the events in Pakistan, and we expressed our concern with regard to the new military regime, calling for an early return to democracy and stressing our shared concern for regional stability. We have collaborated to enforce the UN sanctions regime against UNITA in order to help restore peace in Angola.

We have continued our dialogue on important human rights issues in countries, such as Burma, China, Cuba, Iran and Sudan. We have frankly disagreed on several issues including the use of the death penalty, the best approach to dealing with countries where slavery is practised and some issues related to the treatment of religious minorities. We have worked closely together in the UN on Libya.

We have consulted on non-proliferation and other issues related to the Korean peninsula. We have each reviewed and updated our existing policies for promoting peace and stability on the Korean Peninsula to take account of developments. We have each shown our commitment to working with our regional partners on these issues, including by support for the engagement policy of the Republic of Korea. We both have actively supported Korean Energy Development Organisation (KEDO) in implementation of the light-water reactor project and in provision of heavy fuel oil to the DPRK pending completion of the first of the two reactors. We welcomed the commitment by DPRK to freeze test-launches of missiles, while U.S.-DPRK talks continue, as a positive initial step towards meeting international concerns in this

field. We have also provided significant food aid and other assistance to the DPRK. The U.S. is embarked on a process aimed at improving relations with the DPRK. The EU has continued to pursue its political dialogue with the DPRK.

We enhanced our efforts to promote adherence to international non-proliferation instruments, notably in the EU's bilateral dialogue with Iran, as well as in our contacts with India and Pakistan. We also continued raising the issue of transfers to countries of concern with Russia. On counterterrorism, we have continued to maintain our extensive cooperation. We have underlined that suppression of financing of terrorism is one of the key areas where reinforced cooperation is needed. We have also worked together extensively on the development of the International Convention for the Suppression of Terrorist Fundraising. We have given mutual support to Security Council Resolution 1267 and its implementation and urged the Taliban to comply promptly with it. We have expressed our concern over the possible terrorist acts, which could hinder the Middle East Peace Process and called for an end to such acts or any support for them. We have agreed to cooperate, as appropriate, concerning counterterrorism assistance to the Palestinian Authority.

The OSCE Review Conference, preparatory meeting and the Istanbul Summit were significant areas for EU-U.S. coordination and cooperation. We shared and worked towards common goals regarding the OSCE comprehensive concept of security and the need for better tools such as civilian reaction teams (REACT), which will enable the OSCE to take rapid measures to address issues of conflict prevention, conflict management and post-conflict rehabilitation. Two joint proposals on corruption and the economic dimension of the OSCE were incorporated into the Summit Declaration. We have continued to support the valuable work done by UN and the numerous UN agencies. We have consulted each other on the reform and financing of the UN.

We continued our important dialogue on the fight against organised crime. We held a conference focusing on Combating Child Pornography on the Internet in Vienna, 29 September - 1 October, to reinforce cooperation between law enforcement and judiciary, to encourage Internet service providers to establish self-regulatory mechanisms; and to encourage the establishment of hotlines to enhance public involvement in countering child pornography on the Internet. We launched parallel information campaigns in Hungary and Bulgaria to help prevent women falling victim to traffickers. The EU has informed the U.S. of the Action Plans for third countries of the EU High Level Working Group on Asylum and Migration. We have also discussed new ways of cooperating in the area of Justice and Home affairs to the benefit of citizens on both sides of the Atlantic. We have collaborated in different counter-narcotics initiatives; e.g. we undertook a joint EU-U.S. counter-narcotics assessment mission to Nigeria.

The charter for the new Regional Environmental Centre (REC) for the Caucasus region was signed in September.

We have made further progress in our trade and economic relations. Our competition authorities have agreed to establish a working group to review cooperation procedures in the field of global mergers. The EC has signed the UN/ECE WP 29 Parallel Agreement on global regulations for wheeled vehicles' equipment and parts. We concluded a Statement of Cooperation, the purpose of which is to establish a framework for the exchange of supervisory information regarding banks and banking organisations that have establishments in both the EU and the U.S. Implementation is now proceeding at the technical level, involving our banking supervisory authorities. On data privacy, we have made substantial progress towards establishing a "safe harbour" arrangement that will ensure high standards of privacy and maintain personal data flows across the Atlantic.

The EU-U.S. Working Group on Employment conducted two seminars; the first focussed on the social dimension of Economic Integration and the second on Entrepreneurship.

We have continued to pursue actively our cooperation in a number of areas under the 1998 Science and Technology Agreement: follow-up to the New Vistas II Conference in June 1999 in Stuttgart; implementing arrangement on metrology research signed on 5 October 1999; implementing arrangement on materials research finalised and expected to be signed before the end of the year; and preparation of

an implementing arrangement on non-nuclear energy research.

We have agreed on principles for government relations with people-to-people dialogues under the New Transatlantic Agenda. These key principles - transparency, access, equivalence, interaction, government support - will ensure a fair and equal approach to the handling of the dialogues. We participated actively in the annual meeting of the Transatlantic Business Dialogue in Berlin on 29-30 October and in the second meeting of the Transatlantic Environmental Dialogue in Washington on 13-15 October. We reaffirmed our commitment to give careful consideration to the recommendations of the transatlantic dialogues and stressed the value, which their contributions could make to our early warning effort.

Other Future Priorities

The EU and U.S. will continue to develop the Early Warning principles and mechanisms announced at the 21 June Bonn Summit, so that they may constitute an effective means for preventing and resolving problems which threaten to damage relations between the EU and the U.S. In order better to facilitate the process of early warning of potential bilateral trade problems, we will develop improved means for communicating within our respective governments. Both sides are now working to ensure follow-up on the early warning consultations already held, in terms of designating contact points at a technical level to carry the process further and on reporting back within a given time frame and elaborating options for solution.

We will implement the key priorities identified in our Summit Statement on Southeastern Europe. In addition, we will work with the Former Yugoslav Republic of Macedonia to accelerate progress on important economic structural reforms and to reinforce the improvements on inter-ethnic relations. We will continue to cooperate on developing the border crossing point of Blace to improve the flow of critical supplies into Kosovo. To continue promoting political and economic stability in Albania, we will work to strengthen the Friends of Albania process both internationally and in Tirana.

We will provide assistance to and coordinate with the OSCE in providing, at Russia's invitation, international monitors for the upcoming State Duma and presidential elections. We will build on our cooperation on non-proliferation activities and seek to strengthen our efforts in this field, including resources to address high priority concerns. We will continue to exchange information with regard to assessing the need for food aid, taking into account the possible political implications and the potential impact of such aid on agro-industry in Russia and the neighbouring countries, and on the need to address agricultural reform. Special attention will be paid to the prevention and tackling of organised crime in Russia. We are assessing possible cooperation on public health and, in particular, on communicable diseases.

In Ukraine, we will cooperate closely with the President and the Ukrainian government to strengthen political, economic and democratic reform. Bilaterally, we will work to make further progress on our joint initiatives. In the first half of 2000, we will devote particular attention to the implementation of the G7/Ukraine Memorandum of Understanding on the closing of Chernobyl by 2000. We will work together to conclude the decision-making process on loan financing for K2/R4, to support energy sector reform and to make serious progress on the Chernobyl sarcophagus. In Belarus, we will continue to work to support the OSCE-sponsored opposition-government dialogue on establishing a framework for free and fair parliamentary elections in 2000, respect for human rights and the restoration of democracy.

Promoting peace, stability and development in the Mediterranean region is a key priority for the transatlantic dialogue. We will work closely together during proximity talks under the auspices of the Secretary General of the United Nations and will continue to support all efforts to prepare the ground for meaningful negotiations leading to a comprehensive settlement on Cyprus on the basis of the relevant UN Security Council Resolutions. We will keep in close consultation regarding the key role Turkey could play in the whole area. While the EU is promoting, during the next months, a series of initiatives on its relations with the southern Mediterranean, the EU and U.S. will continue close consultations, including through our Special Envoys, on the Middle East Peace Process, focusing on encouraging final status negotiations and on supporting both parties throughout the negotiations, as appropriate. We will continue to support and to consult on the Syrian and Lebanese Tracks. We restate our joint commitment

to build a consensus among concerned parties in order to convene as soon as possible a meeting of the Multilateral Track Steering Group. We will further bring substantial economic and technical assistance to the Palestinian Authority, and expect progress in the implementation of the revised Tripartite Action Plan.

To promote peace and stability, democracy and development in the world, we will continue to seek ways to develop our cooperation, inter alia exploring the possibilities for working together to alleviate the problems stemming from civil wars in Africa and other continents. Our Special Envoys in Africa will continue to work closely together. We are committed to assisting further the reconstruction of East Timor and to supporting a peaceful transition towards independence, the development of the rule of law and democratic society. We will support the Indonesian Government in its democratisation process. The EU and the U.S. will also closely monitor developments in Pakistan.

With regard to the destabilising accumulation of small arms beyond those required for legitimate security needs, we will continue to promote preventive and reactive measures, e.g. supporting the destruction of surplus weapons and post-conflict projects to disarm, demobilise and reintegrate ex-combatants. Within the framework of the statement adopted today, we will pursue further opportunities for cooperation. The EU and U.S. are ready to provide the Economic Community of West African States (ECOWAS) Secretariat with expert assistance for the effective implementation of the ECOWAS moratorium on export, import and manufacture of light weapons.

We will continue to consult closely with each other, the UN, relevant regional organisations and other countries, as we seek to promote human rights, including through our respective dialogues with countries of concern.

We will continue consultations on the reform of the UN and on seeking a solution to the problem of UN finances, including full and timely payment of obligations and development of a more equitable assessment scale.

We will continue to advocate adherence to international non-proliferation instruments and their effective implementation. Despite delays that will affect the entry into force of the Comprehensive Test Ban Treaty (CTBT), we will each pursue further our efforts to convince India and Pakistan to sign and ratify the CTBT, as part of a wider effort to maintain regional peace and stability. The EU will continue to raise non-proliferation issues with Iran, in the framework of its comprehensive dialogue. Building on our respective efforts, we will continue to promote peace and stability in the Korean Peninsula, and encourage further dialogue with concerned states in the region. We will keep on pressing DPRK to commit itself to concrete and lasting results in the field of non-proliferation, both on the peninsula as well as globally. We reaffirm our shared commitment to KEDO and look forward to further progress in implementing the light-water reactor project.

The EU and the U.S. will seek to strengthen their cooperation and look for new opportunities to enhance transatlantic counterterrorism efforts. We will expand our cooperation in effectively suppressing financing of terrorism. We will continue to express our deep concern over possible terrorist acts aimed at hindering the Middle East Peace Process, and raise our concerns with those who support these acts. We will look into enhancing our cooperation on the issue of counterterrorism assistance to the Palestinian Authority. We will also continue to work together to achieve full, effective and speedy implementation of Security Council Resolution 1267.

The EU and the U.S. have been discussing the Information Society. We note from our experience that countries need to develop efficient communication and information infrastructure based on a market economy and a functioning democracy to realise fully the benefits of the Information Society. The EU and U.S. will work together towards a global information society that contributes to democracy, sustainable growth and quality of life. Given the importance of this subject, the EU will hold a Conference at ministerial level in Lisbon on "The Information Society and Knowledge", to which representatives of the civil society, policymakers and enterprises interested and active in this field will be invited, including experts from the U.S.

We anticipate increasing EU-U.S. cooperation in justice and home affairs, including in the fight against organised crime, such as money laundering, corruption, illegal drugs, child pornography on the Internet and trafficking in women and children, together with the necessary cooperation between law-enforcement bodies, including EUROPOL. We will identify new countries for joint cooperation on information campaigns on trafficking in women in 2000. We will continue or extend our cooperation to combat illegal drugs in the Caribbean, the Andean Region of South America, Southern Africa and Central Asia. Building on the August mission to Nigeria, we will cooperate on counter-narcotics assistance to this key African country and assess whether this approach could be extended to other countries. We will work together in developing the World Anti-Doping Agency (WADA) in accordance with the Sydney Communiqué.

Building on the useful work undertaken at the fifth Conference of the Parties in Bonn in November, we shall continue to work closely on substantive progress towards implementation of the Kyoto Protocol on climate change ahead of the sixth Conference of the Parties meeting in November 2000. We will pay particular attention to Kyoto mechanisms, compliance and to Convention issues of importance to developing countries, including technology transfer.

We will consult closely in the run-up to the January 2000 extraordinary meeting in Montreal, with a view to achieving an effective Biosafety Protocol.

We will continue to seek to implement the recommendations of our May 1999 High Level Assistance consultations, especially in the areas of humanitarian assistance with focus on Kosovo. We will also concentrate on food security, drugs, health, including reproductive health and infectious diseases, climate change, conflict prevention and peace-building. We will work towards a positive outcome of the next High Level meeting, which is scheduled to take place in the first half of 2000.

Both sides will work towards a positive outcome to the Intergovernmental Forum on Forests and at the VIII Session of the Commission on Sustainable Development. The development of agreed new noise standards for aircraft is a high priority for both of us. ICAO remains our preferred forum for achieving this. We will work to ensure that the RECs in Moscow and Kiev are opened soon and seek to agree on new RECs in Central Asia. We aim to finalise the future work plan of the EU-U.S. Task Force on Communicable Diseases at its next meeting in mid-2000.

We expect to conclude our discussions on data protection before the end of March, so that a package can be submitted for approval under the appropriate procedures shortly thereafter. We will hold the first meeting of the Joint Management Committee on the implementation of the Veterinary Equivalence Agreement in the first half of 2000. This meeting will address outstanding issues, including equivalency talks on residues. We will work to reach an agreement on interoperability between Galileo and GPS. We will pursue our negotiations on an agreement on wine.

We will step up our collaboration in all areas of mutual interest, building inter alia on the conclusions of the New Vistas in Transatlantic Science and Technology Cooperation Conferences of June 1998 and June 1999. In this context, the U.S. will be invited by the EU to participate in a meeting in the Azores in the first half of 2000.

The EU and U.S. will continue to support the development of dialogue between civil society on both sides, in particular on social, environment and consumer issues, given that their involvement is increasingly important in the formulation of policy decisions. We look forward to participating in the next meeting of the Transatlantic Consumer Dialogue in February, the next Transatlantic Environment Dialogue plenary in the spring and the mid-year meeting of the Transatlantic Business Dialogue. We will begin to prepare for the negotiation of the extension of the cooperation agreement on higher education and vocational training. We will support the further development of the Transatlantic Legislators Dialogue between Members of the European Parliament and Members of the U.S. Congress.