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## REPORT

on the Commission Communication to the Council on Reinforcing the  
Transatlantic Relationship: Focusing on Strategy and Delivering Results  
(COM(2001) 154 – C5-0339/2001 – 2001/2139(COS))

Committee on Foreign Affairs, Human Rights, Common Security and Defence  
Policy

Rapporteur: James E.M. Elles

Draftsman (\*): Erika Mann, Committee on Industry, External Trade, Research  
and Energy

(\*) Hughes Procedure



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(\*) Hughes Procedure

## PROCEDURAL PAGE

By letter of 22 March 2001, the Commission forwarded to Parliament a Communication to the Council on Reinforcing the Transatlantic Relationship: Focusing on Strategy and Delivering Results (COM(2001) 154 – 2001/2139(COS)).

At the sitting of 3 September 2001 the President of Parliament announced that she had referred the communication to the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy as the committee responsible and the Committee on Industry, External Trade, Research and Energy for its opinion (C5-0339/2001).

At the sitting of 6 September 2001 the President announced that the Committee on Industry, External Trade, Research and Energy, which had been asked for its opinion, would be involved in drawing up the report under the Hughes Procedure.

The Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy had appointed James E.M. Elles rapporteur at its meeting of 28 May 2001.

It considered the Commission Communication and the Draft Report at its meetings of 23 January, 19 Mars, 22 and 23 April 2002 .

At the latter meeting it adopted the Motion for a Resolution by 39 votes to 6, with 2 abstentions.

The following were present for the vote: Elmar Brok Chairman; Baroness Nicholson of Winterbourne, Geoffrey Van Orden and Christos Zacharakis, Vice-chairmen; James E.M. Elles, Rapporteur; Ole Andreasen, John Walls Cushman, Véronique De Keyser, Rosa M. Díez González, Andrew Nicholas Duff (for Pere Esteve), Olivier Dupuis (for Emma Bonino), Giovanni Claudio Fava (for Linda McAvan), Glyn Ford, Michael Gahler, Jas Gawronski, Vitaliano Gemelli (for Gunilla Carlsson), Vasco Graça Moura (for Gerardo Galeote Quecedo), Klaus Hänsch, Ulpu Iivari (for Sami Nair), Joost Lagendijk, Armin Laschet, Nelly Maes (for Per Gahrton), Cecilia Malmström, Hans-Peter Martin (for Catherine Lalumière pursuant to Rule 153(2)), Miguel Angel Martínez Martínez (for Raimon Obiols i Germà), Emmanouil Mastorakis (for Alexandros Baltas pursuant to Rule 153(2)), Emilio Menéndez del Valle, Pasqualina Napoletano, Arie M. Oostlander, Elena Ornella Paciotti (for Magdalene Hoff pursuant to Rule 153(2)), Doris Pack (for Alfred Gomolka), Hans-Gert Poettering (for Alain Lamassoure), Jacques F. Poos, Jannis Sakellariou, José Ignacio Salafranca Sánchez-Neyra, Amalia Sartori, Elisabeth Schroedter, David Sumberg, Ilkka Suominen, Hannes Swoboda, Charles Tannock, Bob van den Bos, Luigi Vinci, Demetrio Volcic, Karl von Wogau, Jan Marinus Wiersma and Matti Wuori.

The explanatory statement will be presented orally.

The opinion of the Committee on Industry, External Trade, Research and Energy is attached.

The report was tabled on 25 April 2002 .

The deadline for tabling amendments will be indicated in the draft agenda for the relevant part-session.

## MOTION FOR A RESOLUTION

### **European Parliament Resolution on the Commission Communication to the Council on Reinforcing the Transatlantic Relationship: Focusing on Strategy and Delivering Results (COM(2001) 154 – C5-0339/2001 – 2001/2139(COS))**

*The European Parliament,*

- having regard to the Commission Communication (COM(2001) 154 – C5-0339/2001),
- having regard to the Transatlantic Declaration on EU/US relations of 1990 and the New Transatlantic Agenda of 1995 (NTA),
- having regard to Articles 11 and 12 of the Treaty on European Union, which impose on the Member States a binding requirement to enhance and develop their mutual political solidarity,
- having regard to the Treaty on European Union, in particular Article 6(2) thereof, which lays down the requirement that the EU must respect fundamental rights, and Title V thereof, which sets out provisions governing the common foreign and security policy,
- having regard to the Conclusions and Plan of Action of the extraordinary European Council meeting in Brussels on 21 September<sup>1</sup>, the Declaration by the Heads of State or Government of the European Union and the President of the Commission follow-up to the September 11 attacks and the fight against terrorism of the informal European Council in Gent on 19 October<sup>2</sup> and the Presidency Conclusions of the European Council meeting in Laeken on 14 and 15 December 2001<sup>3</sup>,
- having regard to the Joint Declaration by the Heads of State and Government of the European Union, the President of the European Parliament, the President of the European Commission and the High Representative for the Common Foreign and Security Policy of 14 September 2001<sup>4</sup> on the terrorist attack on the World Trade Center and the Pentagon, the large number of victims and the far-reaching implications for the security of members of the public,
- having regard to United Nations Security Council Resolutions 1368 (2001), adopted by the Security Council at its 4370th meeting on 12 September 2001<sup>5</sup> and 1269 (1999), adopted by the Security Council at its 4053rd meeting on 19 October 1999<sup>6</sup> condemning all acts of terrorism, irrespective of motive, wherever and by whom committed, and reaffirming that the suppression of international terrorism, including that in which States

<sup>1</sup> <http://ue.eu.int/pressData/en/ec/140.en.pdf>

<sup>2</sup> <http://ue.eu.int/pressData/en/ec/ACF7BE.pdf>

<sup>3</sup> <http://ue.eu.int/pressData/en/ec/68827.pdf>

<sup>4</sup> <http://ue.eu.int/pressData/en/er/Declaration.en1.pdf>

<sup>5</sup> <http://www.un.org/Docs/scres/2001/res1368c.pdf>

<sup>6</sup> <http://www.un.org/Docs/scres/1999/99sc1269.htm>

are involved, is an essential contribution to the maintenance of international peace and security,

- having regard to United Nations Security Council Resolution 1373 (2001), adopted by the Security Council at its 4385th meeting, on 28 September 2001<sup>1</sup>,
- having regard to the Universal Declaration of Human Rights, adopted and proclaimed by General Assembly resolution 217 A (III) of 10 December 1948<sup>2</sup>, to the Charter of Fundamental Rights of the European Union<sup>3</sup>, and to the European Convention for the Protection of Human Rights and Fundamental Freedoms (ECHR)<sup>4</sup>,
- having regard to its Resolutions on the state of the transatlantic dialogue of 17 May 2001<sup>5</sup>; on the death penalty in the world of 5 July of 2001<sup>6</sup>; on the existence of a global system for the interception of private and commercial communications (Echelon interception system) of 5 September 2001<sup>7</sup>; on the results of the extraordinary European Council meeting in Brussels of 21 September 2001<sup>8</sup>; on the preparation of the Laeken European Council of 29 November 2001<sup>9</sup>; on EU judicial co-operation with the United States in combating terrorism of 13 December 2001<sup>10</sup>,
- having regard to its Recommendation on the crisis in the Middle East and the role of the European Union in the region of 13 December 2001<sup>11</sup>, as well as to its Resolutions of 7 February 2002<sup>12</sup> on the situation in the Middle East and of 20 January 2000<sup>13</sup> on the Middle East peace process,
- having regard to its Resolutions of 25 October 2001<sup>14</sup>, on the Fourth Ministerial Conference and of 13 December 2001<sup>15</sup> on the WTO meeting in Qatar,
- having regard to the results of the Hearing on a Global Dimension for a Renewed Transatlantic Partnership held in Brussels on 19 February 2002,
- having regard to its decision of 12 December 2001 to set up a European Parliament delegation for relations with the NATO Parliamentary Assembly,
- having regard to Rule 47(1) of its Rules of Procedure,

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<sup>1</sup> <http://www.un.org/Docs/scres/2001/res1373e.pdf>

<sup>2</sup> <http://www.un.org/Overview/rights.html>

<sup>3</sup> OJ C 364, 18.12.2000

<sup>4</sup> <http://conventions.coe.int/treaty>

<sup>5</sup> OJ C 34E, 7.2.2002, p. 295

<sup>6</sup> OJ C 65E, 14.3.2002, p. 350

<sup>7</sup> OJ C 72E, 21.3.2002, p. 221

<sup>8</sup> Adopted Texts, 4.10.2001, item 4

<sup>9</sup> Adopted Texts, item 18

<sup>10</sup> Adopted Texts, item 6

<sup>11</sup> Adopted Texts, item 7

<sup>12</sup> Adopted Texts, p. 32

<sup>13</sup> OJ C 304, 24.10.2000, p. 202

<sup>14</sup> Adopted Texts, item 13

<sup>15</sup> Adopted Texts, item 14

- having regard to the report of the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy and the opinion of the Committee on Industry, External Trade, Research and Energy (A5-0148/2002),
- A. reaffirming its commitment to the democratic values which are the foundation of both the transatlantic community and solidarity: freedom, democracy and human rights,
- B. stressing that over the past half-century, the Transatlantic Partnership has been decisive in providing security, stability and the spread of democracy throughout the Euro-Atlantic region and that, today, the central common strategic interest of the European Union and the United States remains the security of our peoples, peace, stability and justice, the spread of democracy, modern governance, open societies and markets, sustainable economies, sustainable development, human rights and the rule of law around the world,
- C. whereas there has been no updating since 1995 of the fundamental texts of the partnership to take account of the evolution of the EU as a more active potential partner of the US,
- D. aware of the relative weakness of intergovernmental decision-making structures in the field of ESDP, compared with those of the US,
- E. taking into consideration the fact that since 1995, the powers of the European Parliament have grown both in its ability to ratify international agreements as well as in the legislative field, and that the NTA should include provisions to allow the legislators full participation in its activities,
- F. whereas the consultation procedures of the Partnership should be reviewed in their entirety, not just on an ad hoc basis, as has been done by the US administration and agreed by the EU,
- G. noting recent developments on the establishment by the EU of a coherent legal framework aimed, firstly, to facilitate extradition and juridical co-operation through the creation of a European arrest warrant, Joint investigation teams and Eurojust, secondly, to extend Europol's mandate as to facilitate exchange data with third countries, including the USA and thirdly to establish a list of terrorist organisations and freeze their assets, and expressing its concern about many manifest tendencies to undermine and restrict citizens' rights by these decisions,
- H. recognising that American views in the aftermath of 11-S are strongly in favour, regardless of party, to strengthen its capacity to act in the military field to secure its defence against future attack; concerned that a credibility gap resulting from the current and potential capability gap should not emerge,
- I. deploring the US administration's shift towards unilateralism at a time when the major challenges facing the international community in areas such as environment protection, development or collective security call for closer international co-operation and respect for multilateral rules,
- J. concerned by the United States failure to ratify the Kyoto Protocol on reducing

greenhouse gases, the Biodiversity Convention, the Treaty establishing an international criminal court, the Ottawa Convention banning land mines and the comprehensive nuclear test ban treaty; and expressing its concerns about the plans of the USA to develop and deploy its National Missile Defence System, its rejection of the Verification Protocol of the Biological and Toxic Weapons Convention; its unilateral exemptions to the Chemical Weapons Convention and its failure to sign up to the 1989 Convention on the rights of the Child,

- K. recommending that current Transatlantic structures should be updated, with the emphasis on a clearer definition of roles between Europe and the United States,
- L. regretting the lack of communitarian approach in the EU and the ambiguity in the US administrations as to where Transatlantic partnership should develop over the next 5 years,
  - 1. Notes the substantive implications and the depth and durability of the emotions caused by the attacks of September 11, 2001 on the USA public opinion and institutions, which will undoubtedly dominate the nation's collective memory for generations and its foreign policy for many years;
  - 2. Underlines that the attack of September 11 has nothing to do either with a so-called clash of civilisations nor with a single act of terrorism, but rather with a new and different kind of conflict aiming to undermine open societies which makes it indispensable to establish reinforced ties between the US and the EU, given both the community of values that are now at risk and the interests that both sides have in common;
  - 3. Underlines that, although international terrorism should firmly be combated, the tremendous political, social, economical, and ecological problems of today's world cannot be solved by military means only or mainly; but that instead their roots must be addressed;
  - 4. Reaffirms that NATO remains, not only a fundamental guarantee for the Euro-Atlantic stability and security, but also the essential framework for coalition operations; is deeply concerned by the rising unilateralism in US foreign policy and the lack of interest in close consultation and co-operation with the European partners;
  - 5. Believes, in this respect, that an enhanced co-operation between the US and the EU in foreign policy could contribute decisively to the solution of the main crises with regard, in particular, to the Middle East as well as strengthen the profile and the effectiveness of the international organisations, in particular the United Nations;
  - 6. Notes the importance of the concept of linkage, whereby aspects of economic, political and security policy are now closely tied together; emphasises that closer institutional relations between NATO and the EU are needed in order to make both of them stronger by bringing together, when necessary, the non-military tools at the disposal of the EU and the decisive military capabilities available to NATO;
  - 7. Considers that it is necessary, in this context, for the US and the EU to work together to update both NATO and the New Transatlantic Agenda with a view to developing a



strengthened transatlantic partnership based on a new confidence pact and the concept of mutual recognition of where their respective roles can be clearly defined;

8. Welcomes the fact that, during the informal defence ministers summit in Saragosa, the EU ministers for defence and the High Representative for the CFSP examined the possibility of the European Union replacing NATO in the autumn for the 'Amber fox' peace-keeping mission which is based on the protection of international observers in Macedonia, and hopes that this project can take shape;
9. Reaffirms that the EU should be a coherent, reliable and equal partner to the US in the context of NATO and that to that end courageous steps towards a strongly integrated ESDP in the Community structures are necessary;

**Implications of the attack of September 11 on European-American security and defence matters**

10. Recalls that co-operation within the Atlantic Alliance continues to be of decisive importance for security and stability in the Euro-Atlantic region and that is in the interest of the Transatlantic Partnership to strengthen Nato's capabilities and European defence; renewed efforts are needed to resolve outstanding problems in areas such as the long term relationship between NATO and ESDP, avoiding any unnecessary duplication, as well as promoting defence industry co-operation;
11. Believes that NATO should continue adjusting to the change in relationships that has taken place over the past decade since the fall of the Berlin Wall, recognising in particular the need to respond to new global challenges such as the fight against international terrorism; realises that the emphasis as regards reform of political and military structures is shifting from collective defence to collective security;
12. Underlines the necessity to enhance a transatlantic dialogue on the economic, social and ecological causes of insecurity in order to develop a common and comprehensive definition and conception of security and risks to security;
13. Is concerned about the very different approaches on the issue of collective security, that seem to exist on both sides of the Atlantic, realises that priority should be given to important security-topics such as non-proliferation of weapons of mass-destruction, missile defence systems and the role of the United Nations and the Security Council in particular;
14. Firmly believes that responding to other important global challenges such as the issue of global warming (i.e. ratifying and implementing the minimum standards of the Kyoto-treaty) and the issue of global justice (i.e. the establishment of the International Criminal Court) are other issues that require preferential treatment in the reinforcement of transatlantic relations;
15. Is convinced, in particular, that modernisation instead of marginalisation of the partnership requires, on the one hand, that the US assure both technological co-operation and the opening up of defence procurement markets to help European

industries develop and, on the other hand, that Europe act together where possible and capable to do so;

16. Notes the last developments in the field of the ESDP, including the European Rapid Reaction Force, but believes inevitable a significant increase of defence expenditures to fill the current capability gap both from ESDP and NATO perspective; urges Member States to take the necessary action that all foreseeable commitments be met and reiterates its firm belief that implementing a European security and defence policy must inevitably entail the establishment of a European defence budget and a Council of Ministers for Defence;
17. Notes the dramatic difference in "value for money" between EU defence spending and that of the US, and underlines that this can only be overcome by courageous steps towards integration of financial policies in the field of arms procurement;
18. Points out that a balanced co-operation between the EU and the USA in the field of external relations is vital to solve the major conflicts in the world and to develop conflict prevention strategies; welcomes, in this regard, the positive results achieved in joint post-war actions in the Balkans;
19. Underlines that Transatlantic partners should work together, opening a wide-ranging debate on new security threats so as to define a common position, taking into account existing non-proliferation and disarmament treaties, to avoid militarisation of the space and the proliferation of any kind of weapons of mass destruction;
20. Urges the EU and the US to seek to ensure the revival of institutionalised or negotiated arms control at multilateral level within the United Nations system and at bilateral level, to prevent a new arms race, to support regional and global action to prevent the proliferation of small arms and light weapons, to contribute to a general strengthening of measures for the prevention of civil conflict, and not only to refrain from any action which could contribute to a further weakening of the Chemical Weapons Convention monitoring body but also, rather, to comply with their financial commitments immediately;

#### **Political issues in the aftermath of 11 September**

21. Recalls that, to evolve and adapt itself adequately to the current new global context, the Transatlantic Partnership needs to be broader and more transparent, based on the conviction that global security and stability are best promoted by leading nations having a strong commitment to and respect for institutional and rule-based multilateralism in international relations and within international organisations (UN, IMF, World Bank, WTO);
22. Believes that the consequences of the 11- S shock to the Transatlantic Partnership should now lead to a reinforcement of the political dialogue at its core, able to permanently assess, define, and oversee concerted action on shared global priorities;
23. Is deeply convinced that any contribution to a possible solution for the global topic of

the Israeli-Palestinian conflict requires an active approach of both transatlantic partners working closely together;

24. Regrets that progress under the NTA has been limited when measured against its original purposes, due essentially to a lack of political determination and leadership and that, without these ingredients, the NTA has become largely a bureaucratic inter-administration exercise disconnected from its political mentors;
25. Urges the Commission to draw up an ambitious and coherent global proposal for political dialogue under the transatlantic partnership as one of the main priorities for the EU's common foreign and security policy, strengthening the various instruments at its disposal, such as the RELEX team on transatlantic issues;
26. Proposes, in the aftermath of September 11 attacks, that the existing partnership should be reinforced by establishing joint action in a number of areas, both in the political and economic domain;

#### **Economic and trade relations**

27. Strongly condemns the unilateral measures taken by the US in the case of steel clearly having a strong impact on the world economy, which is in a fragile condition, and supports the European Commission and the Member States in actions taken against those measures;
28. Calls for a proposal by the European Commission for an update of the TEP by the end of summer 2002 aiming at a more substantial economic agenda taking into account the proposals suggested in this report. Moreover asks for an analysis of the functioning of TEP and a clear strategy for future transatlantic political and economic co-operation by the end of 2002;
  - a) invites the European Commission to consider how the EU-US economic interdependence operates at sectoral level (for instance in the 'agro-industry', automobile, aerospace, food and health, pharmaceutical and biotechnology sectors and in the area of e-commerce) given the fact that a transatlantic market in a growing number of sectors already exists, having a huge impact on both domestic markets and job creation;
  - b) supports the effort of the European Commission to conclude a bilateral agreement in air transport services and urges the Council to mandate the Commission to negotiate a Transatlantic Common Aviation Area;
  - c) calls for a new competition agreement to reduce procedural differences furthermore and to allow the exchange of confidential corporate information;
  - d) welcomes the effort undertaken by the European Commission to establish "Guidelines for Regulatory Co-operation and Transparency" with the US;

- e) calls for the conclusion of bilateral agreements on mutual recognition of authorisation, licensing or certification of service suppliers, namely in the areas of insurance, architecture and engineering services;
  - f) calls for deeper co-operation in the area of financial services, in order to reach a compromise in areas such as accounting standards;
  - g) urges the European Commission to define an inclusive procedure in all areas where Member States have competence and co-competence, like financial services, to allow the Transatlantic Market to develop more smoothly; comparable efforts should be undertaken by the US authorities to include the single States more effectively;
- 29. Recognises that whilst only 2% of transatlantic trade causes disputes between the two parties, solutions should be expedited in accordance with obligations under WTO rules and a means found to work more closely and effectively together to manage potentially divisive trade disputes, such as the ongoing steel dispute and the foreign sales corporation tax; calls on the Commission to enhance the early-warning mechanism within a revised TEP framework;
  - 30. Recognises the value of the Transatlantic Dialogues, but recommends strongly that their objectives be revitalised and redefined; specifically the TABD should reorganise its management structures, refocus its goals and streamline its activities;
  - 31. Calls upon the EU and the US to re-invigorate the Transatlantic Environmental Dialogue (TAED), which has been stalled for more than a year;
  - 32. Recognises that major obstacles in the transatlantic co-operation sphere reside in removing remaining tariff and non-tariff barriers, particularly in the services sector due to a lack of internationally agreed rules and enforcement mechanisms;
  - 33. Asks the European Commission to continue to monitor and encourage the wider use of the agreement on data privacy ('safe harbour') and report to the European Parliament as necessary, including on increasing its coverage to important sectors currently excluded, notably financial services;
  - 34. Asks the Commission to systematically inform the EP about the ongoing SIAs for any relevant policy initiative concerning EU-US trade relations;
  - 35. Calls upon the EU and the US to ensure that the rules of the World Trade Organisation consider legitimate national measures adopted to protect consumer health, animals and the environment, and that national and international initiatives raising social, health and environmental standards are respected at WTO level;
  - 36. Calls upon the EU and the US to work constructively together in the forthcoming WTO negotiations on trade and environment, in particular to ensure that the objectives and provisions of Multilateral Environmental Agreements are respected under WTO rules; to achieve trade liberalisation in environmental goods and services that will tangibly promote sustainable production and consumption; to ensure that use and development of environmental labelling schemes is facilitated;

37. Stresses again the need for a global and multilateral approach in the fight against climate change and reiterates its view that the Kyoto process remains the key instrument in this strategy. Is therefore deeply concerned about the U.S. climate change strategy made public on 14/2/2002, which confirms the unilateral approach adopted by the U.S. administration;
38. Calls for a reinforcement of the pre-dispute process to be supported by a resolution by both American and European trade negotiators and legislators to make more strenuous efforts to head off disputes at an early stage;
39. Asks the European Commission to develop a strategy for co-operating with the US in the fields of 'critical infrastructure', like, inter alia, power plants, water supply, telecommunication networks, being exposed to possible criminal offences; also asks the European Commission to ensure a close co-operation of 'cyber-security agencies', which are being established; moreover the European Commission should report back to the European Parliament the results of this co-operation;
40. Points out the importance from a commercial standpoint of establishing rules for the European Union and the United States governing tariff and non-tariff barriers, so that access to their respective markets is on a reciprocal basis;
41. Urges a concerted and co-ordinated programme by the EU and USA to reduce dependence on non-renewable sources of energy so that competitive advantage is not distorted;

#### **Suggestions for a Renewed Transatlantic Partnership for the Third Millennium**

42. Recommends making pursuit of the common global interests (spread of democracy, modern governance, open societies and markets, sustainable economies, freedom of expression, fundamental human rights and respect for the rule of law around the world) as the central defining political purpose of the Transatlantic Partnership;
43. Believes that the solutions proposed in the last Commission's communication on a new impulse for EU-US relations, focusing on strategy and delivering results with regard to limiting the number of summits, the proliferation of priority issues and the inclusion of policy-makers in an institutional framework are disappointing, insufficient and superficial to match the requirements of the developing transatlantic partnership;
44. Calls on the Commission to draw up an in-depth report on future Transatlantic relations to be submitted no later than 30 September 2002, setting out the evolving linkages between political, economic and security policy and the consequences these have for further integration of the ESDP in order to be able to function as an equally coherent partner to the US;
45. Welcomes, in the short term, Spain's priorities for its Presidency of the European Union including Community's initiatives in the fight against terrorism and the need to strengthen EU-US relations beyond the commercial sphere;

46. Calls on the United States to step up its co-operation with the European Union to combat money laundering and the use of international financial circuits and offshore centres for criminal purposes, in addition to its efforts simply to combat the funding of terrorism;
47. Proposes the following suggestions for strengthening parliamentary involvement in the process:
- (a) Given their respective competencies, especially in the field of trade and foreign relations, and as it is already the case in other decisive and similar fora involving or not non EU Members (i.e. the European Council itself, the Rio Group, the Euro-Mediterranean Ministerial Conference, etc), the President of the European Parliament and the Speaker of the US Congress should be involved with the EU-US Summits when meeting at presidential level;
  - (b) In addition, the political association with legislators should also consist in a formal session with the Senior Level Group prior to each summit. This has only happened once under the NTA in Washington in May 1999;
  - (c) As a final step, the existing inter-parliamentary exchange should be gradually transformed into a de facto 'Transatlantic Assembly';
  - (d) a European Parliament funded post should be established in the Commission Office in Washington;
48. Is concerned that, as a result of the lack of political will:
- The Transatlantic Legislators' Dialogue (TLD) remains inoperable as currently formulated and there is as yet no early warning system in place between the two sides;
  - The Transatlantic Business Dialogue (TABD) is in fragile condition, and its value is being increasingly questioned ;
  - The Transatlantic Economic Partnership (TEP) is now for all intents and purposes non-existent;
49. Regrets that other transatlantic dialogues such as the Transatlantic Consumer Dialogue (TACD), the Transatlantic Labour Dialogue (TALD) and, above all, the Transatlantic Environment Dialogue (TAED) have not achieved satisfactory results; demands that real priority be given to making sure that these dialogues are effective and coherent;
50. Calls for an increase in the budget allocation for the EC/USA co-operation programme on higher education and vocational training (2001-2005) to make it possible to boost support for higher education and vocational training bodies so that joint associations can be set up to carry out joint projects between the European Union and the United States;

51. Calls for the Youth Programme to be extended so that exchanges can be organised for youth organisations between the EU and the United States, in order to promote greater awareness of the political and social reality on either side of the Atlantic; believes that a transatlantic youth dialogue should be established;
52. Calls on the US to engage in a constructive dialogue with respect to the International Criminal Court and its eventual ratification; furthermore, calls on the US to sign and ratify the Kyoto Protocol and to accede to other important international conventions on antipersonnel mines and on human rights; and in particular, to ratify, the Biodiversity Convention, the Ottawa Convention banning land mines and the Comprehensive Nuclear Test Ban Treaty; and to reaffirm its undertaking to comply with the Nuclear Non-Proliferation Treaty;
53. Condemns the use of the death penalty that is still carried out in thirty-eight of the US States and calls on the USA to abolish the death penalty; further calls for enhanced EU-US co-operation in the field of human rights;
54. Recommends that the Spanish Presidency should put forward proposals for the next EU/US summit which will suggest an updating of the NTA to take account of the new circumstances, with the objective of completing this revision by the end of 2004, building up a renewed partnership on the basis, among other, of the above mentioned suggestions;
55. Instructs its President to forward this resolution to the Commission, the Council, the parliaments of the Member States and to the President and Congress of the United States of America.

17 April 2002

## **OPINION OF THE COMMITTEE ON INDUSTRY, EXTERNAL TRADE, RESEARCH AND ENERGY**

for the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy

on a Communication from the Commission to the Council on Reinforcing the Transatlantic  
Relationship: Focusing on Strategy and Delivering Results  
(COM(2001) 154 – C5-0339/2001 – 2001-2139(COS))

Draftsman: Erika Mann

### **PROCEDURE**

The Committee on Industry, External Trade, Research and Energy appointed Erika Mann draftsman at its meeting of 29 May 2001.

It considered the draft opinion at its meetings of 25 March and 16 April 2002.

At the last meeting it adopted the following conclusions 44 to 6 with no abstentions.

The following were present for the vote: Carlos Westendorp y Cabeza, chairman; Yves Piétrasanta, vice-chairman; Erika Mann, rapporteur; Sir Robert Atkins, María del Pilar Ayuso González, Luis Berenguer Fuster, Mario Borghezio, Felipe Camisón Asensio, Massimo Carraro, Giles Bryan Chichester, Elisa Maria Damião, Willy C.E.H. De Clercq, Harlem Désir, Carlo Fatuzzo, Concepció Ferrer, Francesco Fiori, Colette Flesch, Christos Folias, Glyn Ford, Per Gahrton, Neena Gill, Norbert Glante, Michel Hansenne, Roger Helmer, Hans Karlsson, Bashir Khanbhai, Peter Liese, Rolf Linkohr, Caroline Lucas, Marjo Matikainen-Kallström, Patricia McKenna (for Nuala Ahern, pursuant to Rule 153(2)) Eryl Margaret McNally, Elizabeth Montfort, Angelika Niebler, Paolo Pastorelli, Elly Plooi-j-van Gorsel, Samuli Pohjamo, John Purvis, Daniela Raschhofer, Imelda Mary Read, Mechtilde Rothe, Paul Rübig, Ilka Schröder, Konrad K. Schwaiger, Esko Olavi Seppänen, W.G. van Velzen, Alejo Vidal-Quadras Roca, Dominique Vlasto, Myrsini Zorba, Olga Zrihen Zaari



## SHORT JUSTIFICATION

### Introduction

*This working document tries to assess 1) the dense interconnection between the two economies, EU and US. 2) the significance of transatlantic trade for EU and US labour markets, and 3) existing barriers to trade and possible solutions to them. It places the economic impact of EU/US relations in the context of the political and security dimension, which is mainly covered by the foreign affairs committee.*

- 1) The current structure and agenda of the transatlantic relationship are the results of the 1990 Transatlantic Declaration on EU/US relations, the 1995 **New Transatlantic Agenda (NTA)**, the **Transatlantic Economic Partnership (TEP)**, and the latest Commission document "Reinforcing the transatlantic relationship" (2001), which provides an overview, but does not suggest new approaches and strategies.
- 2) While long-term structural trends in transatlantic relations are clear and encouraging, unexpected world events and specific transatlantic successes or failures will always colour EU/US relations at any given moment. Today, the aftermath of 11<sup>th</sup> September 2001 dominates the transatlantic political agenda, the collapse of Enron raises common concerns which demand attention, and the success of Doha creates new opportunities but also new risks for EU/US relations. The tragic events of 11<sup>th</sup> September, have been a provocation to the entire world. Restructuring international politics requires a more sophisticated style of political leadership and new responses to existing conflicts like wealth versus poverty, modern pluralism versus tradition, western mercantilism versus social/environmental values. Unilateral approaches will not produce effective political crisis management on a global scale.
- 3) The need for reform of global crisis management has also been clearly demonstrated by the economic collapse of Argentina. This crisis, however, does not call into question the need for international organisations like the IMF and World Bank, but does demonstrate the need for an enhanced international co-operation: Shaping a new architecture will require a stronger commitment of leading nations to multilateralism in international relations and within international organisations.
- 4) New global actors will play a decisive role in reshaping the global landscape. The accession of China and Taiwan to the WTO accelerates the shift towards the South Pacific Rim. The European Union will have to take into account these new realities.
- 5) The successful launch of a new ministerial round at the 2001 WTO Doha Conference reflects the growing influence of developing countries and demonstrates the ability of the WTO system to overcome divergent interests, which will have to be confirmed throughout the coming negotiations. The intense personal and professional relationship between the EU and US negotiators contributed immensely to this positive outcome. Personal relations, dialogues and networks are often underestimated, but actually play a major role in bilateral and multilateral frameworks.
- 6) International trade rules increasingly imply changing domestic regulations and therefore depend upon political consensus and social acceptance at home. Some of our

controversies, for instance, concerning environmental issues (e.g. Kyoto protocol), are founded on, inter alia, diverging cultural values.

7) The Enron case calls into question existing assumptions and positions underlying political and economic relations between the EU and US. The acceptance of and competition between well-established standards and methodologies proved to be misleading. The same may be true of some of our regulatory disputes.

8) As Jagdish Bhagwati argues, trade has become the unwinnable war: "with the world moving towards trade disputes of huge dimensions (...) it is nonsensical to allow full scale retaliation". In the case of hormone-fed beef we are talking about a few hundred million USD, in the Foreign Sales Corporation 4 bn and in future cases of GMO-related cases possibly hundreds of billions.

### **The transatlantic market: sectoral interdependence**

9) The EU and the US are the two largest economies in the world. Together they account for about half of the entire world economy and also have the biggest bilateral trading and investment relationship. Transatlantic flows of trade and investment amount to around \$ 1 billion a day, and jointly their global trade accounts for 40% of world trade. The numbers are even more impressive if one looks at capital markets with EU and US accounting for about 85% of world capital flows. Each of the trading blocks employs about three million people in the other. Public perceptions exaggerate the problems in EU/US economic relations. In fact, trade disputes make up less than 2% of transatlantic trade and economic bonds between the EU and the US are still stronger than any other part of the world.

10) The existence of the transatlantic market demonstrates the strong interdependence of both trade blocks. In 1999, the bilateral trade in **agriculture** amounted to 8 bn USD in EU exports and 7 bn USD in EU imports. Trade in **goods** amounted to 183 bn Euro in exports and 161 bn Euro in imports. Trade in **services** amounted to 85 bn Euro in exports and 91 bn Euro in imports.

11) A clear distinction between the EU and the US market is hardly feasible. The examination of various sectors indicates that both markets are closely interconnected.

12) In the **aerospace industry** the dominant player is the US aerospace industry (USAI) contributing about 50% of world-wide turnover and direct aerospace industry employment, while the European aerospace industry (EAI) accounts for about one third of sales and employment and is the number two globally. The EAI imported components valued at 12 bn Euro in 2000, some 80% of that coming from the US. For EU exports, the main customer has been the US with sales of 21 bn Euro. Exports from Europe to the USAI almost doubled from 1996 to 1999. Boeing and Airbus have strong transatlantic connections. Boeing has 436 suppliers in the EU. The company intends to invest up to 14 bn dollars in Europe until 2003, creating about 90.000 jobs. Equally, Airbus contributes significantly to the US economy by having more than 800 American suppliers ranging from small businesses to multi-nationals. Airbus and its suppliers support 100.000 American jobs and contribute \$5 bn to the US economy each year.

13) Close links between the two trading blocks can be seen in the **automotive industry** with brands like Volvo, Land Rover, Saab and Jaguar being US owned and EU built. Brands like BMW, Mercedes and VW being EU owned and US built and Chrysler being EU/US owned and US built.

14) While in the chemical industry both economic players can be regarded as more or less equal, their attitude towards and thus their economic standing in the so-called life sciences differs widely. The US is determined to pioneer on the new frontier of **biotechnology** whereas the EU, due to widespread ethical and environmental concerns in society, is more ambivalent towards this highly controversial field of science. The differing perceptions are clearly reflected in the labour markets. Even though there are more biotech companies in the EU (1.570 against 1.273) the US biotech sector creates by far more jobs (162.000 against 61.000) and is more highly capitalised.

15) German company Bertelsmann offers a prominent example in the **media** environment for close transatlantic business relations. In 2000 and 2001 32% of the company's turnover was made in the US as compared to 31% in Germany and 32% in the rest of Europe. In the book market, 71% of turnovers are made in the US (and Canada) with Bertelsmann owning 100% of Random House. In music labels and music publishing, Bertelsmann Music Group (BMG) made 45% of its turnover in the US and Canada as compared to 12% in Germany and 22% in other European countries. The company is thus globally orientated than most of its international competitors. World leader AOL Time Warner, for instance, makes about 80% of its turnover in the US. It has to be mentioned that as far as the movie/film business is concerned the extreme dominance of US productions remains a fact.

16) The **insurance and financial services** are especially dynamic sub-sectors of the services sector. EU exports to the US in financial services have increased by 120% from 3,6 billion Euro in 1992 to 8,0 billion in 2000 while its imports from the US grew by 90% from 2,4 to 4,6 billion Euro. Despite this phenomenal increase, a strong home bias persists in the EU and the US. For example in 1999, trading in foreign equity on Euro-11 markets amounted to about 5% of the volume of domestic equity traded. The main hindrance to a large market of foreign traded equity and bonds in the EU and the US market or cross-region insurance is the numerous regulatory and technical obstacles. Market access hurdles exists, though, in both regions.

### **Trade barriers, protectionist measures and transatlantic disputes**

17) Despite dense economic interdependence, significant problems in transatlantic trade remain to be tackled. It is not traditional tariffs but a variety of **non-tariff barriers** that hamper transatlantic trade. EU companies exporting to the US are confronted with a number of barriers in the legal and regulatory system, the lack of internationally agreed rules and enforcement mechanisms, technical barriers, restrictive import policies (GMOs), discriminatory procurement policies (e.g. "Buy American"), unilateralism and extraterritoriality provisions (such as Helms-Burton-Act, ILSA), external export credits, discriminatory tax policies as well as different standards, testing and certification procedures in the two blocks.

18) The fact that there is still a degree of conflict in EU/US trade is also reflected in the

WTO: among the 20 or more active disputes in WTO, around 13 involve the EU and 8 of those are cases against the USA. In one case (hormones) against the EU the two sides are still looking for a final solution. Among the more recent disputes the WTO ruled in favour of the EU. In the "Foreign Sales Corporations" dispute the Appellate Body in its ruling of 14 January 2002 upheld the findings of the compliance panel confirming the incompatibility of the FSC Replacement Act with WTO rules. Both sides have indicated their intention to cooperate in order to solve the problem.

## **Regulatory architecture of transatlantic trade**

19) **Competition** issues: antitrust, state aid and cartels, are all of high importance both at national and international level. The positive results of co-operation achieved over the last decades demonstrate that the US and the EU have established a well-functioning working relationship. Recent headline-grabbing disputes do not indicate that a transatlantic market does not exist. The early stages of the internal market development on the EU side were probably more problematic, although there were already common markets. The two **EU/US Competition agreements** 1991 and 1998, strongly influenced by OECD recommendations on competition policy, have strengthened co-operation between competition authorities.

20) There is no dispute over the fact that the EU and US competition authorities agree far more often than they disagree on issues such as mergers. However, the proposed *General Electrics/ Honeywell* merger has caused intense political controversy in the recent past. That was the first case of a proposed merger, which was cleared by the US but not by the EU. The divergence may or may not have its origins in substantial questions of methodology and the use of different basic theoretical concepts such as "dominant position", "bundling" or "tying" of activities and the leverage that might be exerted through vertical integration. There are a number of cases, however, in which the US has blocked a merger, which had been cleared by the European Commission (e.g. *Air Liquide/BOC*, *Glaxo Wellcome/Smith Kline Beecham*).

21) A promising new EU/US supported initiative is the International Competition Network (ICN), an informal network, which will try to bring more consistency to the competition policies of the antitrust authorities of developed and developing countries.

22) The EU/US **Mutual Recognition Agreements (MRA)** entered into force in 1998 consisting of a framework agreement and a series of sectoral annexes. Six sectoral annexes have so far been initiated such as Telecom Terminal Equipment (TTE), Pharmaceutical (GMP) and Electrical Safety (ES). While some of the sector negotiations proved to be conflictual, others have worked well. The operation of the TTE, for instance, is facilitated by the fact that telecommunications is now a highly deregulated sector in the EU and in the US. No results have been achieved in the area of insurance, architects and engineering services. The US side reacted with little interest and extremely slowly, as the Federal Government has no negotiating mandate and US States have hardly participated in preliminary discussions.

23) **Guidelines for Regulatory Convergence** are in the process of being set up. To promote better quality regulation and facilitate trade for SMEs.

24) The "**Early Warning Mechanism**" is a set of principles to help identify and prevent potential trade disputes at an early stage, under which the others side's interests should be

taken into account when legislative, regulatory or policy decisions are formulated. The TEP Steering Group and the NTA Task Force are the two principal bodies to provide early warning and facilitate resolution of transatlantic issues.

25) The so-called "safe harbour" agreement between the EU and the US has been concluded in order to bridge the different approaches to protecting privacy in the transfer of personal data from the EU to the US. Despite a difficult start, over 140 companies have now signed up to the agreement. This agreement offers an important model of **regulatory convergence**.

26) The Transatlantic Business Dialogue (TABD), launched in 1995, was the first systematic attempt to bring businesses on both sides of the Atlantic into an agenda-setting process for removing regulatory obstacles. Other institutionalised dialogues to be mentioned are: Transatlantic Consumer Dialogue (TACD), Transatlantic Environment Dialogue (TAED), Transatlantic Labour Dialogue (TALD), Transatlantic Legislators Dialogue (TLD). The importance of these dialogues, however, is decreasing due to insufficient management and financial capacities and a shift towards multilateral approaches in business.

## CONCLUSIONS

The Committee on Industry, External Trade, Research and Energy calls on the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy, as the committee responsible, to incorporate the following points in its motion for a resolution:

- having regard to the New Transatlantic Agenda of 1995 created at the EU-US Summit of December 1995, which marked the beginning of a new approach in transatlantic relations, and the TEP established in March 1998, aiming at strengthening and enhancing in particular the economic relationship between the EU and the US;
- having regard to its resolution of the 14th March 2002 on US tariffs on steel imports;
- A. whereas political leadership from the European Council and Commission is needed to update the NTA and the TEP, and to agree on a more substantial economic agenda for wealth creation and sustainable development in the two economies, including more open markets, fair competition and economic reforms, in spite of numerous trade disputes as illustrated by the recent protectionist US decision to impose extraordinary tariffs on steel imports mainly from the EU,
- B. whereas the tendency to use trade disputes, like the recent one on steel, as a weapon for supporting domestic policies is highly critical in a globalised economy; instruments chosen to support domestic markets in economic turbulences must be in conformity with the agreements taken at international level, specifically in the case of steel the WTO,

- C. whereas the failure by the United States to comply with the WTO multilateral rules with regard to subsidise exports (FSC) and more recently steel, is a barrier to the development of transparent, balanced and fair Transatlantic trade relations,
- D. whereas the relationship between the EU and US is the largest bilateral trading and investment relationship in the world with annual two-way flows amounting to over a trillion Euros and a joint global trade share of 40%,
- E. whereas it is incumbent on both sides of the transatlantic partnership to ensure the momentum towards market openness, fair competition and overall economic reform is maintained,
- F. whereas the majority of political and economic problems between the EU and the US result from the tension between the willingness and necessity to cooperate on the one side as well as the economic reality of being competitors on the global market on the other side,
- G. whereas the TEP is the working basis for our trade relations with the US, its methodology and procedure strongly require re-evaluation in order to ensure a more efficient outcome and prevent potential failures,
- H. whereas trade disputes are often the result of diverging values, differing cultural and institutional traditions rather than of straight forward protectionism; therefore a more formalised procedure of bilateral negotiations should be considered before seeking results through adjudication by the WTO Dispute Settlement Procedure,
- I. whereas substantial barriers occur often in trade areas where less or no competence is given to the European Community and to US Federal Authorities and it seems that in areas where the competence is centred, fruitful co-operation exists especially at expert level,
- J. whereas it seems that despite insufficient management and financial capacities the importance of the Transatlantic Dialogues remains instrumental in providing fundamental impulses to EU-US co-operation like TABD on 'Regulatory Co-operation' and TACD on 'Access to Medicines',
- K. whereas there is a danger that the United States multilateral foreign policy will take second place to its strategy to combat terrorism,
- L. whereas it is desirable that the US widens its commitment to multilateralism beyond WTO; that common responsibility of the EU and the US should be practised to provide leadership in the exercise of economic power in order to offer a "new deal" to developing countries, particularly through concerted commitments to reduce debt and increase trade and aid,
- M. whereas, in addition to the legal framework for trade liberalisation established by the WTO, the EU and the United States should initiate joint efforts to enable the

developing countries to reduce their debt, increase their trade and secure development aid,

- N. having regard to the growing imbalance in the aeronautics sector between the United States and the European Union, one of the reasons for which is the aid given by the United States Federal Government to airlines following the events of 11 September 2001, as well as the overlapping of military research programmes and civilian applications in the United States,
- O. whereas notes the widening technological gap between the EU and the US, generating heavy investment in research and development, new economic dynamics and scientific progress, with possible social effects like 'brain drain', which could result in missed opportunities for the EU,
- P. whereas it is vital for our democracies to maintain the critical balance between the need for security and civil rights to ensure economic prosperity and open societies; in the light of the terrorist attacks of September 11 in the US the political process to outbalance national security and individual liberty on both sides requires transparent rulemaking,
- Q. having regard to the United States superior performance with regard to investment in research and development, which is likely to increase as a result of the recent expansion of the military budget,
- R. whereas the European Parliament has played an important role in strengthening links between the EU and US Congress, through the Interparliamentary Delegation and the Transatlantic Legislators Dialogue,
- 1. Strongly condemns the unilateral measures taken by the US in the case of steel clearly having a strong impact on the world economy, which is in a fragile condition, and supports the European Commission and the Member States in actions taken against those measures;
- 2. Calls for a proposal by the European Commission for an update of the TEP by the end of summer 2002 aiming at a more substantial economic agenda taking into account the proposals suggested in this report. Moreover asks for an analysis of the functioning of TEP and a clear strategy for future transatlantic political and economic co-operation by the end of 2002;
  - a) invites the European Commission to consider how the EU-US economic interdependence operates at sectoral level (for instance in the 'agro-industry', automobile, aerospace, food and health, pharmaceutical and biotechnology sectors and in the area of e-commerce) given the fact that a transatlantic market in a growing number of sectors already exists, having a huge impact on both domestic markets and job creation;
  - b) supports the effort of the European Commission to conclude a bilateral agreement in air transport services and urges the Council to mandate the Commission to negotiate a Transatlantic Common Aviation Area;

- c) calls for a new competition agreement to reduce procedural differences furthermore and to allow the exchange of confidential corporate information;
  - d) elcomes the effort undertaken by the European Commission to establish "Guidelines for Regulatory Co-operation and Transparency" with the US;
  - e) calls for the conclusion of bilateral agreements on mutual recognition of authorisation, licensing or certification of service suppliers, namely in the areas of insurance, architecture and engineering services;
  - f) calls for deeper co-operation in the area of financial services, in order to reach a compromise in areas such as accounting standards;
  - g) urges the European Commission to define an inclusive procedure in all areas where Member States have competence and co-competence, like financial services, to allow the Transatlantic Market to develop more smoothly; comparable efforts should be undertaken by the US authorities to include the single States more effectively;
3. Recognises that whilst only 2% of transatlantic trade causes disputes between the two parties, solutions should be expedited in accordance with obligations under WTO rules and a means found to work more closely and effectively together to manage potentially divisive trade disputes, such as the ongoing steel dispute and the foreign sales corporation tax; calls on the Commission to enhance the early-warning mechanism within a revised TEP framework;
  4. Recognises the value of the Transatlantic Dialogues, but recommends strongly that their objectives be revitalised and redefined; specifically the TABD should reorganise its management structures, refocus its goals and streamline its activities;
  5. Calls upon the EU and the US to re-invigorate the Transatlantic Environmental Dialogue (TAED), which has been stalled for more than a year;
  6. Recognises that major obstacles in the transatlantic co-operation sphere reside in removing remaining tariff and non-tariff barriers, particularly in the services sector due to a lack of internationally agreed rules and enforcement mechanisms;
  7. Asks the European Commission to continue to monitor and encourage the wider use of the agreement on data privacy ('safe harbour') and report to the European Parliament as necessary, including on increasing its coverage to important sectors currently excluded, notably financial services;
  8. Stresses the need for an appropriate involvement of legislators in the structured Transatlantic co-operation, which would require on the European side that the mostly informal influence of the European Parliament should be formalised in the following areas:
    - a) European Parliament should obtain observer status at the Art. 133 Committee which assists the Commission in the formulation and conduct of the Common



Trade Policy;

- b) Articles 133 and 300 TEU should be revised in order to provide full legal integration of the European Parliament into the Common Trade Policy;
  - c) The European part of the Legislators' Dialogue should be set up as a permanent institution of the European Parliament with an effective early warning system and a regular reporting mechanism to the specialised committees of the European Parliament, and the European Parliament should strengthen its commitment to co-operation between the parliamentary institutions of the EU and USA;
  - d) Members of the European Parliament should be entitled to participate in a clear and defined manner at the informal meetings of EU Trade Ministers;
  - e) Members of the European Parliament should participate appropriately at the Senior Level Group in the preparatory work for the bilateral EU-USA summits, including the Steering Committee of the TLD, to provide parliamentary input into this administrative process led by the two executives;
  - f) The European Parliament should carefully evaluate the need and the operational status for a representative of the European Parliament in Washington complementing the work done by the European Commission in relation to legislative activities of Congress and Senate;
9. Urges the EU and the US to agree on a renewed and comprehensive strategy co-ordinating their policies specifically in the economic area to restore confidence in the global market and to initiate joint actions within the appropriate international fora:
- a) in continuing their commitment to reform the WTO in a substantive way specific attention should be drawn to the need to establish a parliamentary component to the WTO; reforming the institutional architecture mainly through more efficiency, transparency and inclusiveness and allowing the "New Trade Agenda" to develop
  - b) in addressing the 'relationship between trade, debt and finance' as the Doha WTO Conference calls for, via an enhanced reform of the World Bank, and asks the European Commission and the Member States in this context for a proposal analysing new methods and introducing new instruments like an International Development Fund for the heavily indebted poor countries (HIPC's),
  - c) In implementing a balanced development policy including initiatives by the United States along the lines of the 'Everything But Arms' initiative adopted by the EU,
  - d) A joint approach to support measures to assist developing countries in the implementation of the TRIPs agreement in line with the decisions of the Doha WTO Conference,
  - e) In bringing their influence to bear, within the IMF, to avoid erratic fluctuations in exchange rates between currencies,

- f) in developing a common approach with a view to reacting effectively to global challenges such as money laundering and trafficking in human beings;
10. Asks the Commission to systematically inform the EP about the ongoing SIAs for any relevant policy initiative concerning EU-US trade relations;
11. Calls upon the EU and the US to ensure that the rules of the World Trade Organisation consider legitimate national measures adopted to protect consumer health, animals and the environment, and that national and international initiatives raising social, health and environmental standards are respected at WTO level;
12. Calls upon the EU and the US to work constructively together in the forthcoming WTO negotiations on trade and environment, in particular to ensure that the objectives and provisions of Multilateral Environmental Agreements are respected under WTO rules; to achieve trade liberalisation in environmental goods and services that will tangibly promote sustainable production and consumption; to ensure that use and development of environmental labelling schemes is facilitated;
13. Stresses again the need for a global and multilateral approach in the fight against climate change and reiterates its view that the Kyoto process remains the key instrument in this strategy. Is therefore deeply concerned about the U.S. climate change strategy made public on 14/2/2002, which confirms the unilateral approach adopted by the U.S. administration. Calls on the Commission and the Member States to play again a leading role in the Kyoto process, to maintain a fully coherent approach and consequently to urge the United States to reconsider its position on this issue; and calls for the EU, as a signatory of the of the Kyoto Protocol, to persist in urging the US to sign up;
15. Calls for a reinforcement of the pre-dispute process to be supported by a resolution by both American and European trade negotiators and legislators to make more strenuous efforts to head off disputes at an early stage;
15. Asks the European Commission to develop a strategy for co-operating with the US in the fields of 'critical infrastructure', like, inter alia, power plants, water supply, telecommunication networks, being exposed to possible criminal offences; also asks the European Commission to ensure a close co-operation of 'cyber-security agencies', which are being established; moreover the European Commission should report back to the European Parliament the results of this co-operation;
16. Points out the importance from a commercial standpoint of establishing rules for the European Union and the United States governing tariff and non-tariff barriers, so that access to their respective markets is on a reciprocal basis;
17. Asks the European Commission to carry out an in-depth analysis on how the combined economic power of the EU and US and their envisaged political and economic outreach through Enlargement and FTAA/ 'NAFTA plus'-concept generates geopolitical and economic consequences, which are not entirely reflected in policies;

18. Urges a concerted and co-ordinated programme by the EU and USA to reduce dependence on non-renewable sources of energy so that competitive advantage is not distorted;