

A review of Transatlantic Relations

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Commission President-Designate Romano Prodi: commitment to transatlantic relationship

*The swift and unanimous nomination by the EU's fifteen governments of Italian former Prime Minister Romano Prodi to lead the European Commission into the new millenium has been enthusiastically welcomed around Europe, not least by the European Parliament. He will present his Commission's work programme to the Member States and the European Parliament only when he has his team of Commissioners in place, but many of the key elements in his approach are already set out in his book *Un'idea dell'europa* published in mid-April. And in two speeches to the European Parliament in April and May, he has indicated priorities for his Presidency.*

What is clear is that the relationship between Europe and the United States will be of very considerable importance amongst the new Commission's priorities.

Indeed, an entire section of his book is devoted to *l'economia europea e la sfida americana* (the European economy and the American challenge). And he used the opportunity of his 4 May speech to the European Parliament to underline the centrality of transatlantic co-operation in his analy-



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CONTENTS

| | |
|--|----|
| Romano Prodi: commitment to transatlantic relationship | 1 |
| EU-US Summit | 4 |
| Russia | 5 |
| New joint project in Ukraine | 5 |
| EC/USAID Consultations | 6 |
| Analysis: What does the euro mean for the EU partners | 7 |
| Temporary truce on aircraft noise | 8 |
| Top IT officials exchange views | 9 |
| Education and training | 10 |
| European Parliament | 10 |
| Transatlantic Legislators' Dialogue | 11 |
| Consumers and genetically-modified foods | 12 |
| TAED launched | 13 |
| Europe as US' first partner. | 14 |

sis of the future role of the European Union in the world.

Mr Prodi knows the US well: after his doctoral studies, he held prestigious teaching posts at both Harvard and Stanford. And he not only knows the US, but admires its people: "I like ... their directness and their pragmatism and their firm approach to the rule of law," he said at a seminar in New York last September, where he shared a platform with Tony Blair and Bill Clinton.

For Romano Prodi, the US poses the EU with a number of questions. The US presents a challenge to Europe to match some of its successes, particularly in terms of technological innovation and

industrial rationalisation within a single market. Unemployment is, of course, another area where Prodi points to a gap between the EU and US. But here, he argues that a specifically European policy approach is required to solve a specifically European problem. Building on European strengths, particularly in highly skill-intensive sectors, in the framework of the sound macroeconomic management required under the Maastricht Treaty is at the heart of his prescription.

But the major question is how the EU can develop its partnership with the US. There is much detail still to be added, but the President-Designate's estimation of the

centrality of the transatlantic relationship was stated unambiguously in his first speech to the European Parliament on 13 April: "...the world in store for us will depend for its balance on ever closer cooperation between Europe and the United States in the fields of politics, the economy and defence". And what could be clearer than that?

More information : Romano Prodi's speeches to the European Parliament can be found at http://europa.eu.int/comml/index_en.htm. Un'idea dell'europa is published by Il mulino (147 pp ITL 15.000)

EU-US Summit: preparing the partnership for the new millenium.

It will soon be four years since the New Transatlantic Agenda was signed. Four years which have seen huge developments in Europe, and the European Union in particular. The arrival of the euro, a stronger European foreign and security policy, a developing European justice and home affairs policy, the launch of negotiations for EU membership with five formerly communist countries are changing the face of the EU, and, at the same time, changing the transatlantic relationship. But the same four years have also been dogged by EU-US disputes over extraterritorial legislation, bananas, and beef to mention just a few. Is a stronger, more united Europe becoming a more difficult partner for the US? What does all this imply for the New Transatlantic Agenda — hardly "new" any more - as the basis for transatlantic relations

In the light of momentous changes in Europe, the EU-US Summit on 21 June on Bonn will take time to look at transatlantic relations in the round, and will seek to answer some of these questions. Of course, the crisis over Kosovo will be at the forefront of Leaders' minds, but at the time of writing, it is not quite clear whether the EU-US Summit itself will be the place for a substantial discussion. Nevertheless, Leaders will undoubtedly spend some time on the South Eastern Europe Stability Pact which it is hoped will be signed at around that time.

But the crisis demonstrates very precisely just how crucial the transatlantic relationship is for both partners and how it must function to be able to provide a stable framework for the wider transatlantic community. Is it sustainable, for example, for the EU and US to be at loggerheads over something like bananas at the very time when their armies, navies and airforces are risking their lives together in defence of the common values they hold?

Building on the NTA

For this reason, Summit Leaders will discuss the changes in Europe and will look at ways to develop the transatlantic agenda to ensure that it remains "new". They plan to issue a declaration which, building on the 1995 NTA, will seek to make the transatlantic relationship reflect more closely the reality of a new Europe.

“The Balkan crisis demonstrates very precisely just how crucial the transatlantic relationship is”

And at the same time, in order to ensure that their commitment to partnership is not regularly thrown off course by acrimonious and damaging trade disputes, they will seek to agree ways of highlighting and defusing potential trade difficulties before they become crises.

A further issue which the Kosovo crisis has underlined is the centrality of Russia and Ukraine as vital strategic powers in the wider European region. Leaders will be hoping to intensify EU-US co-operation towards both of those countries, and plan to develop a common message on Ukraine to be issued at the Summit.

Whilst foreign policy may dominate the talks, economic issues such as climate change and people-to-people links will not be ignored. There are thorny trade issues such as the EU ban on imports of hormone treated beef to be dealt with. But at the same time, it will be necessary to keep up the momentum on positive co-operation under the Transatlantic Economic Partnership. And Leaders will be welcoming the reinforcement of links between citizens organisations as they consider the first recommendations of the new consumer and environmental dialogues.

Russia: a priority for both partners

Whilst economic and political uncertainty continue to make Russia an unpredictable partner for both the EU and the US, both are acutely aware of the importance of reinforcing their relationship with her. Russia's potential role on the global stage is crucially important for both – and that is why the EU and US are working together to ensure that we send similar signals, especially in view of the EU's proposed new Common Strategy towards Russia.

In the 1995 New Transatlantic Agenda (NTA), the EU and the US affirmed their willingness to promote peace and stability, democracy and development around the world. This consultative co-operation includes policy towards Russia. During the past months, there has been intensive activity to better co-ordinate efforts to achieve the aims outlined in the NTA. Co-operation ranges from health issues to environmental and security issues. In April, a series of consultations at expert level took place to exchange and to review the state of play of transatlantic co-operation on Russia.

Food aid

One main area for co-operation has been the implementation of food aid programmes in reaction to the financial and economic crisis in Russia. As many food deliveries will arrive in Russia in the coming months, there will be a need for close co-ordination between the EU and the US. These EU-US consultations also help the EU to find

agreements with the Russians to fix price estimates for the products, which is crucial if such aid is not to distort the local market and have a counterproductive effect on local farmers.

Cooperation on Health issues

Concerning infectious diseases, both sides are most concerned about Tuberculosis (TB). In this area, common efforts are needed in order to strengthen the Russian health system, so that it can be able to cope with TB epidemics. The US has already started several pilot projects and the EU is actively looking at how it might contribute in this area.

Nuclear Safety

On the issue of expanded threat reduction, there is still potential to intensify transatlantic co-operation. On US side, President Clinton has stressed (in his state of the Union address on 19 January 1999) the priority of this issue within US foreign policy, and the EU also sees this as a high

priority. One main focus here could be on better co-ordination of different programmes (e.g. dealing with Y2K and its impact on Russia's nuclear weapons, or programmes funding the work of nuclear scientists) run by the EU, the US and the Member States to ensure that they all complement each other effectively and efficiently.

Finally, both sides are very concerned about the nuclear waste issue especially in the north-western region. In order to tackle the effects of nuclear waste on the environment in Russia, there is also a Framework Agreement for the Multilateral Nuclear Environmental Program with Russia on the transatlantic agenda. All partners have appreciated the first drafts. But the adoption of the declaration, which comprises only basic principles, will only be a first step in the right direction. Only international efforts under EU and US leadership and the involvement of further donors can lead to substantial progress for the environment and nuclear safety in the north-western region.

Planning for new joint project in Ukraine underway

The European Parliament has for the second time allocated funds for EU-US co-operation in Ukraine, seen as a key strategic state in the wider European region and, therefore, a priority for EU-US co-operation.

A jointly elaborated and financed initiative which was agreed in 1998 set up a programme of actions to give support to the reinforcement of Ukraine's civil

society. This programme is now in the phase of implementation.

Discussions between the European Commission and USAID are now underway to determine areas for co-operation in 1999.

Preliminary talks identified the fight against HIV/AIDS as the main issue where joint work could be done. Activities will probably focus on an AIDS awareness campaign both at a wider public level

and for high-risk groups.

This initiative is particularly timely, coming just after the WHO's global survey of HIV/AIDS identified Ukraine as one country where the risk that this disease could become a mass epidemic in a short period of time was extremely high.

A final decision, after consultations with the Ukraine authorities, will be made later in the year.

Helping developing countries : Commission/USAID Consultations

Commission/USAID Development Assistance Consultations took place on 6 May in Brussels chaired by Director General Philip Lowe of the Commission's Directorate-General for Development, with Mr. Tom Fox Assistant Administrator for USAID heading the American delegation. Both sides agreed that the consultations were very successful focusing on constructive operational co-operation in key development areas.

The consultations took place in the context of a growing appreciation of both the benefits and risks of globalisation and of the importance of development assistance in building the capacity of developing countries to manage the shock of the globalisation process. Particular problems include the global financial crisis, growing conflict, environmental stress and global threats to our progress in addressing infectious diseases.

The results of the meeting will contribute to the accomplishments and deliverables for the New Transatlantic Agenda and the EU-US Summit of 21 June 1999.

Kosovo has confirmed the need to promote close Commission/USAID co-operation in the area of Humanitarian Assistance.

The consultations focussed on the Global Financial Crises, Peace-building and Conflict Prevention, Humanitarian Assistance particularly within the context of humanitarian assistance and reconstruction in the crisis of South East Europe, Food Security and Food Aid, Health, AIDS and Population, Drugs control and Global Climate Change.

On the **Global Financial Crisis** the Commission and USAID agreed to further exchange of information on their activities in the framework of the AERA (the Accelerated Economic Recovery in Asia initiative) and ASEM trust fund in support of reform of macro-

economic and governance frameworks in Asian countries. They also agreed to establish an informal Commission/USAID working group to promote information exchange, research and analysis on the global financial crises and its direct effects on developing countries. As far as Russia is concerned, it was agreed that technical assistance should in particular strengthen the institutional framework of the market economy, public governance, the rule of law and the investment climate.

The great suffering caused by violent conflicts around the world underlines the urgent need to give higher priority to **Peace Building and Conflict Prevention** in our external relations. The meeting agreed upon a common framework and common basic principles on Peace building and Conflict Prevention. Future co-operation will particularly focus on joint activities in specific countries from different regions of the world.

Kosovo has confirmed the need to promote close Commission/USAID co-operation in the area of **Humanitarian Assistance**. Inter alia, the discussion highlighted the need to accelerate the transfer of refugees from dangerous and overcrowded camps into families and collective accommodation in safer areas; to continue to provide more emergency shelter and support to "hosts" especially by offering incentives to families and communities. Further efforts will be devoted to registration and evidence gathering. It was also agreed to continue supporting UNHCR in its leading role regarding refugees and in general to improve all ongoing co-ordination

among humanitarian players.

The Commission and USAID also agreed to encourage the use of common security systems among humanitarian-partners working in difficult circumstances; and to increase the number of joint assessment missions. Finally, they underlined the importance not to forget the other devastating conflicts in the world that continued to demand our attention and assistance.

Eliminating **Global Food insecurity** is a fundamental objective of both the US and the Commission. They have recently agreed on a text for a new Food Aid Convention. The success will depend

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on effective coherence between Commission and US Food Aid Programmes. They agreed particularly to improve the food aid management in 6 priority countries Ethiopia, Malawi, Bolivia, Haiti, Bangladesh and Kyrgystan.

On **Health** it was agreed that communicable diseases including HIV/ AIDS, Tuberculosis and Malaria are crucial concerns in Human and Economic Development and Poverty Reduction. The Commission and USAID agreed particularly to increase country co-operation in Turkey, Egypt and the Ukraine and to pursue childhood immunisation in Western Africa and surveillance of HIV/ STDs.

Drugs Control is a challenging

area for potential co-ordination. The meeting agreed to call for a specific "experts meeting", to exchange information and evaluations of drugs control programmes and to identify possible future areas

for co-operation. These included an agreement to work closer in implementing the Caribbean Barbados Action plan and further co-operation in Nigeria. USAID also expressed an interest in further

co-operation in Bolivia.

On **Climate Change** the participants agreed to continue ensuring complementarity of actions in selected countries, particularly in the emission sector.

Analysis: What does the euro mean for the EU's partners

European Monetary Union came into force on 1 January 1999 as planned.

This was a major event for Europe and for the world which is already yielding positive results for Europe and for its partners

The euro has become a reality. From 1 January 1999, eleven EU Member States adopted the euro as the single currency with an irrevocably fixed exchange rate against their national currencies; the euro and national currencies will co-exist until mid-2002 at the latest when national currency will no longer circulate in the euro area. The euro may not exist in note or coin form yet but it has already begun to affect the lives of millions of consumers, businesses, and public institutions, and it has begun to feature prominently in the financial markets, where it has been well received.

The successful launch of the new currency is due in no small part to the commitment of Europe's governments, financial institutions, and businesses. They have worked extremely hard on the economic, technical, and other logistical preparations to ensure a smooth introduction of the euro. The euro is a highly significant milestone in the pursuit of closer integration within Europe. In particular, it will contribute to enhancing the economic gains from the EU's single market by removing exchange rate uncertainty and transaction costs in intro euro-zone trade. It should also contribute to higher growth within the euro-zone by fostering a balanced macroeconomic policy mix and increasing business confidence within it. And, of course, US businesses which already operate in the euro-zone are

already enjoying the same benefits as European firms.

A major international currency

But also the introduction of the euro has also significant implications for the rest of the world. It is one of the most important events the international monetary system has experienced since the collapse of the Bretton Woods system in the early 1970s. The euro is expected to gradually become a major international currency. Several factors will contribute to the emergence of the euro as an international currency. First, the euro zone is responsible for a similar share of world trade and a comparable share of world output to the United States. Second, the strong anti-inflationary mandate of the European Central Bank and the constraints imposed on Member States' fiscal policies by the EU's framework of economic policy surveillance should ensure that the euro zone remains an area of macroeconomic stability. This will tend to make of the euro a sound and strong currency, increasing its attractiveness. Third, EMU will lead to the creation of large, deep, and liquid financial markets within the euro area, which will tend to encourage both investment and borrowing in euro by outside countries. These factors will be reinforced to the extent that other countries join the euro area in the coming years.

The expansion of the international role of the euro will encom-

pass its use as a unit of account, a means of payment, and a store of value, the three functions of money identified by the economic literature.

Thus, the euro is likely to be increasingly used for the invoicing of international trade, particularly used as the currency of denomination and payment of international financial assets, as a vehicle currency in the foreign exchange market, and as an intervention and reserve currency by central bank. Finally, we can expect the euro to play a significant role as anchor or reference currency in the exchange regimes of a number of non-euro-area countries, notably in those that will participate in the EU's new Exchange Rate Mechanism (ERM II) and in the Central and Eastern European countries.

Prospects for success

The transformation of the euro into a global currency will not happen overnight. Historical experience, such as the maintenance of the pound sterling as a dominant international currency until well after the United Kingdom lost its economic hegemony, suggests that inertia tends to prolong the international role of a currency even after the circumstances that led to its international expansion have changed. However, as the euro develops a reputation as a stable currency backed by sound economic policies, the EU's economic size and the liberalisation and inte-

gration of its financial markets, its international potential will surely be realised.

And to the extent that this stable euro contributes to increase trade, it will bring benefits not only to Europe but also to the rest of the world, in particular to the transatlantic community of nations. Higher growth within Europe should reduce the risks for the

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global economy of the current difficulties in Asia and a number of developing and transition countries. The reduced transaction costs associated with trading within the euro zone, for their part, will increase the appeal of this area for the foreign companies considering direct investments, while the liquidity of the euro financial markets will provide new diversification opportunities for transatlantic institutional investors.

Some observers have voiced concerns that the euro area will be a relatively closed economy and that, therefore, its monetary authorities will tend to care less about the

exchange rate of the euro. This, it is argued, could result in an increased degree of exchange rate volatility, in particular vis-à-vis the US dollar. This type of argument, however, ignores the fact that EMU will make a substantial contribution to international exchange rate stability by establishing a framework conducive to a balanced macroeconomic policy mix within Europe.

Other observers have voiced concerns about the euro recent exchange rate developments, fearing a "weak euro", in particular vis-à-vis the US dollar. On 6 May the euro effective exchange rate was around 6% below its level at the time of the euro's launch on 4 January 1999. But these exchange rate developments are largely the result of the divergences in the cyclical outlook for the euro area and its main partner country, the US. The military conflict in the Balkans also contributed to the weakening of the euro owing to the general uncertainties in the markets stemming from the Balkan conflict. Both are temporary events. In a longer time perspective, though, the effective exchange rate of the euro is nowadays at the same level as the effective exchange rate for the whole of the Euro area at mid 1998.

Having said that, it is clear that sound macroeconomic policies within the euro area are not suffi-

cient for avoiding volatility and protracted misalignments among the major world currencies. An enhanced framework for international economic policy co-ordination which would ensure a minimum degree of international consistency of the policy mixes of the main countries therefore seems necessary. In this respect, the

The reduced transaction costs associated with trading within the euro zone, for their part, will increase the appeal of this area for the foreign companies.

Commission strongly supports the ongoing discussions on possible ways to improve the architecture of the international monetary system.

EMU is not simply an economic achievement for Europe and the rest of the world. It is also a remarkable accomplishment of political co-operation and an important building block in the road towards a more stable and cohesive Europe. From this perspective, EMU can only contribute to strengthening the ties between the nations that are part of the Transatlantic Community.

EU and US reach temporary truce on aircraft noise

The issue of aircraft noise has taken on a high profile in transatlantic relations following US expressions of concern about a proposed EU regulation to limit aircraft noise.

The EU is one of the world's most densely populated regions and European airports are often of necessity situated close to densely populated urban areas. This means that plans to expand airport capacity in the Community regularly run up against strong local opposition on the grounds of noise pollution. With this in mind, in March last year the Commission proposed a regulation designed to improve the

environmental performance of aircraft in terms of noise reduction, fuel efficiency and pollution. It will achieve this by ensuring that there will be no increase in the number of old-technology aircraft, including those equipped with so-called hushkits (noise mufflers), operating in the EU after 2002.

The US complains

The US has argued that the

measure is *de facto* discriminatory against aircraft originating in the US, deviates from existing international standards agreed within the International Civil Aviation Organisation (ICAO) and that it will cost US industry more than 1 billion dollars since it will no longer be able to sell its aircraft to countries neighbouring the EU for operation to/from Community airports. US industry reacted by putting signifi-

cant pressure on both Congress and the Administration to act on a number of fronts to press the EU to withdraw its regulation. These include the US raising the issue in the WTO on technical barriers to trade Committee; a submission by Northwest Airlines of a complaint to the US Department of Transport against the EU urging the latter to withdraw its regulation or face a number of retaliatory actions; and a bill currently passing through Congress which would ban Concorde in the US if the Regulation were adopted.

The Commission and Member States' representatives have argued vis-à-vis the US that the measure is non-discriminatory, that its economic impact is limited and that it merely involves a freeze of the number of noisy aircraft operating within the Community. We have also pointed out that the current

ICAO noise certification standard has not been updated since 1977, largely due to US reluctance.

EU effort to avoid dispute

The EU Council was supposed to adopt the proposed regulation on 29 March. However, in response to last minute interventions on the part of the US with the Member States and the Commission, this was put off for a month until 29 April. During this period of time, intensive discussions between the EU and the US continued. Following these, the Council decided on 29 April 1999 to adopt the proposed regulation regarding aircraft noise, but at the same time, in a gesture of political good will and flexibility, decided, taking due account of the views of the Parliament, to delay its application for one year. This delay will facilitate the continuation and the conclu-

sion of the discussions that the two sides started following the Council's decision in March to delay the adoption of the regulation for one month. These discussions will focus on promoting accelerated work within ICAO to reach the next generation of noise restraint standard. The EU welcomes the priority finally given by the US to work speedily and in close co-operation with the EU within this framework to this end. However, these discussions will also address the more immediate noise problems generated by the development of air transport.

These recent developments should be seen as a clear demonstration of the EU's preference for co-operation rather than confrontation in defending EU interests and of our desire to avoid unnecessary and potentially damaging trade disputes with the US.

Top IT officials exchange views

The rapid pace of technological change means that researchers and regulators are having to face new issues practically every day, whether it's about incompatible technical standards, internet ethics, or consumer protection. Practically all of these have an international dimension, making EU-US dialogue indispensable.

That's why, twice every year, senior EU and US officials meet, not to negotiate on specific issues, but to exchange information and views to identify possible areas of co-operation and to try to avoid potentially costly disagreements in the future.

The seventh and most recent of this series of meetings took place in Washington on 4 and 5 March. On the agenda: telecoms regulation, implementation of the WTO Basic Telecommunications Agreement, mobile systems, satellite issues and

electronic commerce. With the growth of e-commerce promising to bring revolutionary changes to the way trade is carried out, talks focused on the WTO work programme in this area, Internet Governance and Internet Telephony.

The Commission's delegation was headed by Director General Robert Verrue and the US side by Ambassador McCann, Department of State.

The Dialogue provided for an informal and constructive exchange

of views on policy, regulatory and trade issues covering the whole telecom and electronic commerce sectors and was considered very successful by both sides.

Even in those areas where some divergence of views were apparent (third generation mobile communications and licensing of global satellite systems), friendly discussions gave every hope that conflict can be avoided in the future.

The next Information Society Dialogue meeting will take place in Brussels in the autumn.

Education and training – mapping out the future

The second meeting of the EU-US Joint Committee on Higher Education and Vocational Training met in Washington on 30 April. This committee, bringing together officials from the government departments responsible for education and training, was set up to oversee the implementation of the 1995 EU-US Agreement on these issues.

Discussions included a review of the Joint Consortia Programme, under which the US Administration and European Commission jointly fund co-operative projects put together by education and training institutes from at least three European countries and three States of the US. Around 400 institutions across the EU and US have

already benefited from the programme, but such is its success that each call for proposals is considerably over-subscribed. The possibility of seeking increased funding was therefore on the agenda, and whilst the final say on this rests with the US Congress and the EU Budgetary Authority, officials were quietly optimistic.

Also discussed was the future of the Agreement, when the current one expires in 2000. Possible new areas of activity include co-operation on youth voluntary initiatives, building on the US's Peace Corps and the EU's Youth Voluntary Service programmes.

European Parliament – "aux urnes!"

On 13th June this year, the 375 million citizens of the European Union will elect a new Parliament for a period of 5 years, taking us well into the new millenium.

The new European Parliament (EP) will undoubtedly be rather different from the one we have known until now. The current Parliament has already made it clear that the times of simple consultation and symbolic representation are over – the new Parliament can be expected to develop this trend further and thus continue the process of shifting the political centre of gravity within the EU's three main institutions (Commission, Parliament and Council of Ministers).

To the new political dynamic, must be added the effects of the entry into force on the 1st May 1999 of the new Treaty of Amsterdam, which significantly increases the powers of the EP. The Treaty foresees for example that the European Parliament will now have to give its approval, rather than just being consulted, on the nominee to be President of the Commission. It also extends the co-decision procedure into almost every area where

the cooperation procedure currently applies, and restricts the latter, by which the EP position is not binding, to legislative activities in the EMU area.

With fifteen different voting systems, predicting the outcome of the European election is notoriously difficult.

Of course, the Parliament is subject not only to institutional changes: its political complexion will obviously be affected by the poll. The Socialists are currently the largest group, with the European People's Party (centre-right) following closely behind. Whether the European election will follow the recent cross-European trend for centre-left administrations and lead to a reinforcement of the Socialist group remains to be seen – with

fifteen different voting systems and the elections often being fought as much on domestic as European issues, predicting the outcome of the European election is notoriously difficult. But whatever its composition, the new Parliament will undoubtedly continue to work together with the Commission in the pursuit of our common goals.

Impact on EU-US relations

How will EU-US relations be affected by all this? From the purely institutional point of view, it's likely that that the EP will play a greater role. It is true that the Treaty of Amsterdam does not significantly change the EP's powers with respect to trade. But the situation will be different regarding other aspects of external relations, where the EP will have a reinforced role. Co-decision will now apply to areas which have a clear direct impact on the EU/US relations. And from a political point of view, whatever the mixture of blue, red, yellow and green

MEPs who are returned by Europe's citizens to take their seats in Strasbourg, it is certain that transatlantic relations will remain of very great interest to the Parliament.

The Commission, which is responsible for the day-to-day management of transatlantic relations, is increasing its level of cooperation with the EP, building in particular on its regular attendance at the External Economic Relations (REX) and Foreign Affairs and Security (FASE) Committees, and through close collaboration with the EP's US delegation. This has already delivered practical results. A good example is the determined stance taken by the EP in the banana regime dispute with the US, and the resolutions to this regard adopted by the EP Plenary on 11 February and 11 March 1999, supporting the Commission's action in defense of European interests.

Briefs from the EP

- **Bananas.** - In the course of two months (February and March), the EP adopted two resolutions on the dispute with the US about the EU banana import regime. In both the EP supported strongly the effort and strategy of the Commission, rejected vigorously the unlawful unilateral sanctions imposed by the USA and called for a WTO-compatible solution to the issue. On the 4th of May, after the latest WTO ruling on this dispute, the EP adopted a comprehensive Resolution on Transatlantic Relations, which included a section on bananas. In this text, the EP took note of the latest WTO ruling and reiterated its opposition to unilateral and retroactive US sanctions.
- **Hormones.** - the EP has also expressed very clearly its point of view on this dispute, in particular through its 4th of May Resolution on TEP and EU-US Trade Disputes. In this text the EP calls on the Commission to maintain the ban on hormone-treated beef, even if the legislators also advise to explore the feasibility of compensation. Transparency of scientific data is another important concern of the EP within this framework.
- **Hearing on WTO millenium round.** - A hearing on this subject was held on 22 April, including participation of Mr Beseler, Director General of DG I. With respect to the EU/US dimension of the upcoming round, it was made clear again that co-operation between the two blocks is essential to ensure success for this round of multilateral conversations.
- The EP has also focused its US-related activities lately on the issues of the **Death Penalty** — a sensitive subject in EU-US relations, on the **aircraft noise** dispute, and of course on the **Transatlantic Economic Partnership**.

Progress in the Transatlantic Legislators' Dialogue

In our last issue we reported on the creation by the European Parliament and the US Congress of the *Transatlantic Legislative Dialogue* (TLD), an innovative and far-reaching initiative, which includes measures for permanent co-ordination and for structured periodic contributions from the EP and US legislators to the EU/US common work. The Dialogue has since developed intensive activity, and it has also been more accurately renamed as the 'Legislators' — rather than 'Legislative' — dialogue.

The Commission's Vice President Sir Leon Brittan has made clear his support for TLD, which is in line with the commitments in the New Transatlantic Agenda and the call for action in this area contained in the Transatlantic Economic Partnership (TEP) Action Plan.

The TLD's main objectives can

be summarized as follows:

- to strengthen and enhance inter-parliamentary relations,
- to add a 'new level of democratic oversight' to Transatlantic relations;
- to assist in the development of more harmonized approaches, and
- to 'prevent disputes in sensitive areas before they occur'.

Hopefully, one of the main functions of this newly created structure will be to prevent legislation-related disputes. Elected representatives across the Atlantic will be able to detect any possible friction areas in the proposals for new legislation before it is too late to modify them.

Since the adoption of the of TLD proposal, and despite a period of particularly heavy workload at the EP, significant progress has been already achieved.

A Task Force has been nominated including MEPs, US Congressmen and a permanent Secretariat.

A number of meetings have already been held between the European Commission services and the members of this Working Group. This has provided TLD with the necessary co-ordination between EU Institutions.

This progress has already led to the first of the twice yearly contacts with members of the Senior Level Group¹ prior to the EU-US Summits foreseen in TLD. This first meeting between MEPs, US Legislators and members of the Senior Level Group took place on 26 May 1999, at the margins of

¹ The SLG is the high level group charged of following-up the implementation of the New Transatlantic Agenda.

SLG meeting in Washington. On this occasion, legislators reviewed progress in the implementation of TLD and received a detailed update on the state of the EU-US relations. Even more importantly, they gave special attention to the 'early warning' dimension of TLD, with respect to any future legislation or regulations with the poten-

tial to cause friction between the EU and the US.

Efforts continue to set up a dedicated website; as well as to organize the first of the biannual tele-conferences between the EP and the US legislators foreseen in TLD.

Of course, there are still several questions which will have to be

resolved, both on the organisational side of TLD and on the substance of the initiative. The answers to these will probably come as the process develops. But it is clear that TLD has a great potential for improving our relationship and delivering concrete results for the benefit of citizens on both sides of the Atlantic.

Consumers join forces to urge mandatory labelling for all genetically-modified foods

Representatives of consumers from across the EU and US meeting in Brussels on 23-24 April have issued a demand to the EU and US authorities that consumers be able to make their own choices about whether to accept GMOs in their food, by requiring that all such foods be clearly labelled.

They also called for a ban on all non-medical use of antibiotics in animal and food production; for the enshrinement of the "precautionary principle" in international trade rules, and for agreement on minimum standards on consumer protection in electronic commerce.

Since the launch of the Transatlantic Consumer Dialogue (TACD) in September last year (see EU-US News Vol I Number 1) groups of consumer experts on specific issues such as e-commerce and food safety have been working across the Atlantic to come to joint positions to be presented to the European Commission and the US Administration. The fruits of their labours, twenty specific recommendations on issues ranging from car safety to nutritional labelling and from fair trade to pharmaceuticals, were formally adopted by the second TACD Conference which

brought together over 60 consumer representatives from 16 countries.

After agreement by the three working groups, TACD members discussed their views with representatives of the European Commission and the US Administration in free and often lively exchanges. More formal discussions will be held in the run-up to June's EU-US Summit and considered responses from the Commission and US Administration will be given thereafter.

Food for thought for governments

Not all of the TACD's recommendations will necessarily make comfortable reading for the government officials. The TACD's rejection of one possible compromise solution to the problem of EU and US differences on data privacy, discussed in our last issue, will give both the Commission and the Administration pause for thought. And the US Administration may find recommendations on GMO labelling and the precautionary principle difficult to take on board.

However, several recommendations will be given an enthusiastic welcome by the European Commission and will be integrated

into its negotiating positions. And whether in line with current positions or not, Commission representatives gave guarantees that the Commission would give all of the TACD's views extremely serious consideration.

Bonino – "not just a talking shop"

Emma Bonino, European Commissioner for Consumer Affairs underlined this point: "I don't like talking shops," she said, addressing the Conference's opening session, "I'm looking forward to concrete ideas which will have an impact on our governments. .. the consumer dimension can't be overlooked any more – we now have a Treaty obligation to ensure that consumer concerns are integrated into all EU initiatives... and they need to be addressed here and now!"

The TACD will be monitoring the impact of their recommendations on government positions during regular contacts with the Commission and US Administration and are already planning for their next Conference.

For more information on the TACD, including the full texts of its recommendations visit: <http://www.tacd.org/>

Environmentalists make their voice heard – TAED launched

On 3 May 1999 the TAED was successfully launched in Brussels as the fourth – or if you include the Transatlantic Legislative Dialogue (TLD) the fifth – people-to-people dialogue under Chapter IV "Building Bridges across the Atlantic" of the New Transatlantic Agenda (NTA).

The TAED brings together NGOs from both sides of the Atlantic with an interest in environmental issues. Top of their agenda is to make sustainable development a central objective of transatlantic relations, and to ensure a high degree of transparency and input from civil society representatives in the full range of regular contacts which take place between the Commission and US Government.

The launch conference in Brussels attracted over 70 NGO participants from both sides of the Atlantic who started their work immediately on a wide range of environmental topics. The Dialogue participants split into various working groups (Trade and Environment, Industry and Environment, Climate Change and Clean Air and Agriculture and Environment with a special focus on GMOs) to discuss the issues which they felt to be of most concern, and to put together preliminary joint positions on these. The results of the working groups, even at this first meeting, show the great potential of the Dialogue participants to develop common positions on both sides of the Atlantic.

The establishment of the dialogue underlines the fact that environmental issues are becoming ever more important in EU-US relations. The Conference welcomed high-ranking officials from

both sides of the Atlantic. In a first round of speakers, the Conference was addressed by Commission Vice-president Sir Leon Brittan, Acting Assistant Secretary Melinda Kimble (Bureau for Oceans, International Environmental and Scientific Affairs, DoS) and German Parliamentary State Secretary Simone Probst (Ministry for the Environment, Nature Conservation and Nuclear Safety).

Sustainable development must be at the kwart of the New Round in WTD

Trade and Environment was a key preoccupation of Government and NGOs alike, ahead of the new round of multilateral trade talks which will kick-off in Seattle later this year. The Commission and US Government have already agreed to work towards the objective of getting the environment firmly on the agenda in the forthcoming talks. The TAED underlined the need for sustainable development to be at the heart of the new WTO round.

Taking the opportunity for a full and open exchange of views with the TAED, a panel of Commission and US Government representatives fielded a vast range of questions on issues ranging from the 'precautionary principle' and environmental liability, through to climate change and subsidies to energy production. Large parts of the discussion focussed once again on sustainability, and on the precautionary principle. Various members of the panel stressed the importance of bringing trade and environment people together to discuss the important issues at stake and to overcome some of the traditional mistrust between these two groups.

Trade liberalisation and environmental protection are not mutually exclusive was the key theme of the governmental participants.

The panel underlined that the EU and the US co-operating together could make a positive contribution to promoting the sustainability agenda. One key task is to convince some of the developing countries – with the support of NGOs – that the aim is to agree workable means for safeguarding the environment for the benefit of all, and does not represent an attempt by the industrially developed countries to introduce 'green protectionism'. The TAED pointed out that the EU and US could demonstrate their commitment to protecting the environment by early ratification and implementation through domestic action of the Kyoto Protocol on Climate Change.

As a conclusion the panel welcomed the establishment of the dialogue as a forum for a fruitful dialogue and an informed public debate in order to strengthen the environmental aspect of the EU-US relations. Sir Leon Brittan, Commissioner responsible for trade and transatlantic relations, said that he hoped that the TAED would "...be a truly independent and critical forum for environmental NGOs to make their input into transatlantic affairs..". To judge from the launch conference this will certainly be the case.

The full text of Sir Leon Brittan's speech to the TAED launch conference can be found at <http://europa.eu.int/comm/dg01/slb0305.htm>

American Public Opinion and US foreign policy: Europe as first partner.

A study released in March 1999 by the Chicago Council on Foreign Relations¹ reveals that Americans believe that European nations remain America's closest friends and allies.

The Priority of Foreign Policy

The poll, conducted between October and December 1998, covered a sample of 1,500 individuals from the general public and in leadership positions. Among the main findings of this survey is that the American public is clearly more concerned with domestic, particularly social, issues than with foreign affairs (58.6% rate domestic concerns of one sort or another as highly important as against 7.3% who attach significance to foreign policy). For Leaders, interest in foreign affairs is somewhat higher.

But when they reflect on foreign policy, Americans continue to see their pre-eminent role in

the world unchallenged. Interestingly, though, they tend to view economic rather than military power as the most significant measure of the global strength. Perhaps with this in mind, a worryingly high level of support for protectionism exists. About one-half of American public (49%) favour tariffs, while 32% support their elimination. Even amongst leaders, the trend is away from free trade. A decreasing number of leaders favour the elimination of tariffs, (62%, down 15 points compared to the 1994 survey), although it is still a minority (34%) which supports tariffs. The increase in the number of leaders who would support tariffs might be a reflection of their perceptions of the potential negative consequences of uncontrolled global financial exposure.

Europe: Increasing significance

European nations remain America's favoured partners. The general public sees Europe as more important to the US than Asia (42% vs. 28%). The gap however has narrowed since 1994 (Asia up

7 points, Europe down 7 points). On the other hand, Leaders' assessment of Europe's importance over Asia has increased from 42% in 1994 to 51% in 1998 (Asia's importance, 37%, has remained largely the same). This may be a sign that the trend towards perceptions of "transatlantic drift" which characterised the early 90s and to which the NTA was, in part, a response, is changing.

Concern about the threat of economic competition from Europe has lessened among the public to 24% (down 3 points), whilst conversely, and perhaps because of recent high-profile trade disputes, this concern has increased among leaders (from 11% to 16%). On the other hand, the belief that the EU countries practise fair trade has increased both among the public (from 32% to 54%) and among leaders (from 65% to 77%). Lastly, US leaders express on limited concern about European Monetary Union as a threat to the supremacy of US dollar as a reserve currency, with 63% saying it would not be a threat and 35% saying it would.

¹ American Public Opinion and US Foreign Policy 1999, published by the Chicago Council on Foreign Relations, USA

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As part of the Commission's effort to improve our information efforts and to be more proactive in our outreach, we are creating an electronic database of people who are interested in trade policy and Europe's relations with the US and other industrialised countries.

People who register can indicate their specific interests and will then receive, by e-mail, information about updates to our website, press releases, publications (including future issues of this Newsletter) and latest policy developments in the areas they have chosen.

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Your comments, questions and other input are most welcome. To let us know what you think of EU-US News, or to ask us to add someone to our mailing list, please contact us, preferably by e-mail.

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