

EUROPEAN PARLIAMENT

**DIRECTORATE-GENERAL FOR EXTERNAL POLICIES OF THE UNION  
DIRECTORATE B  
- POLICY DEPARTMENT -**

**BACKGROUND NOTES AND DOCUMENTATION**

**ON**

**THE TRANSATLANTIC ECONOMY**

*This documentation was compiled in view of MEPs' attendance at the TABD board meeting coinciding with the EU-US Summit to be held in Ljubljana on 10 June 2008. It combines briefing notes on the state of play in TEC and on the US economic policy outlook with documents produced by the TEC, the TABD and Parliament itself in the run-up to the Summit.*

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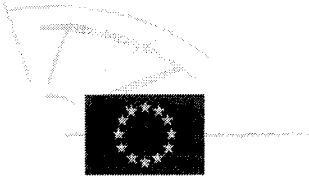
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## CONTENTS

- Note on the transatlantic economy	3
- Note on US domestic policy	6
<b>Transatlantic Economic Council:</b>	
- Joint Statement of 13 May 2008	12
- Summary of 2008 TEC objectives (as of April 2008)	15
<b>Transatlantic Business Dialogue:</b>	
- Letter to Summit leaders	23
- Summary of Summit recommendations	26
- Press release welcoming TEC results (13 May 2008)	31
<b>European Parliament:</b>	
- Resolution on the forthcoming EU-US Summit (6 June 2008)	34
- Joint Statement of the 64th TLD (26 May 2008)	43
- Resolution on the TEC (8 May 2008)	46
<b>Additional documents</b> (in case of bilateral meetings with US side):	
- Presidency statement on the upcoming Summit in Plenary, 5 June 2008	51
- Summary of EU position on 100% container scanning	53
- EU-US Action Strategy for IPR enforcement	55



**DIRECTORATE-GENERAL FOR EXTERNAL POLICIES OF THE UNION**  
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**BRIEFING NOTE**  
**on the**  
**TRANSATLANTIC ECONOMY**

**1. Background**

The European Union and the United States are each other's main trading partners and enjoy the largest bilateral trade relationship in the world. In 2006 their combined economies accounted for nearly 60 % of global GDP, approximately 33 % of world trade in goods and 42 % of world trade in services. The total flow of Foreign Direct Investment (FDI) between the EU and the U.S. was approximately Euro 147 billion. The EU FDI stock held in the U.S. amounts to roughly Euro 926 billion. Total FDI stocks held in each others countries reach approximately Euro 1.89 trillion.

The size and importance of the bilateral trade relationship makes the EU and the U.S. the key trade players on the global scene. EU-U.S. economic cooperation defines standards around the world and sets the pace in the WTO. Europe and America support a “rules-based” trading system and are working towards a successful conclusion of the Doha Development Agenda (DDA) round of trade talks.

In even this closest of partnerships, however, there still exist trade barriers and differences that hinder trade and investment. The annual **report on U.S. trade barriers from the European Commission** highlights some of the impediments that the European Union encounters when doing business with the U.S. The barriers described range from the small and relatively easily addressed to larger, more complicated problems, including challenging regulatory questions and some issues that have been or are being litigated at the World Trade Organisation.

The year 2007, in fact, saw the successful resolution of one long-running trade dispute: the U.S. repealed countervailing duties, imposed on the basis of findings concerning "privatisation" of EC exporters, which were declared illegal by the WTO in December 2006. Other disputes remain before the WTO or await U.S. compliance with findings by World Trade Organisation dispute settlement bodies.

While the overall economic impact of outstanding EU-U.S. trade disputes constitutes only a small proportion of the total EU-U.S. trade volume, both sides have repeatedly agreed that differences should be carefully managed to prevent unnecessary conflict, including costly and

time-consuming litigation, and damage to the economies on both sides of the Atlantic. The European Parliament, both through TLD conclusions and in its own resolutions, has even called for more ambitious targets, such as setting up a completely barrier-free, transatlantic market by 2015.<sup>1</sup>

## **2. A fresh start: The Transatlantic Economic Council**

Partly in response to these calls, the European Commission and the U.S. Administration launched a new effort at their 2007 summit, the cabinet-level **Transatlantic Economic Council (TEC)**. Supported by a Group of Advisers including the two co-chairs of the Transatlantic Legislators' Dialogue (TLD) as well as representatives of the Transatlantic Business Dialogue and the Transatlantic Consumers' Dialogue, the TEC is to integrate the two economies even more fully by identifying key areas where greater convergence between economies and systems could reap rewards on both sides of the Atlantic.

At the first TEC meeting in November 2007, important progress was achieved in areas such as the launch of the investment dialogue, the negotiations on mutual recognition of accounting standards and of U.S and EU trade partnership programmes, secure cargo and a number of more technical regulatory issues.

At its second meeting on 13 May 2008 in Brussels, the TEC covered a total of 23 items, of which seven were discussed in plenary. A key success for the US side lay in obtaining a commitment from the Commission to resolve the issue of pathogen reduction treatment for **US poultry exports**, which are currently banned from the EU and which the US Administration has declared a test case for the viability of the TEC process. The Commission in turn obtained US commitments on the safety certification of European electric and electronic equipment, based on the manufacturer's declaration of conformity.

Both sides voiced some concern that the TEC process still did not adequately address all their respective sensitive issues. In particular, the US felt that the REACH regulation caused too many problems for US exporters of cosmetic products, while the EU side emphasised that US legislation on container scanning (see below), if upheld, would cause massive problems in transatlantic trade.

Overall however, both sides expressed their confidence that based on their long-standing bonds and shared principles, the TEC would achieve its intended goals, and agreed to hold a further meeting before the end of the year, thereby moving the process forward through the critical election period in the US.

## **3. Current issue: Container Scanning**

Arguably, the single biggest threat to transatlantic trade at this point is the *SAFE Port Act* of October 2006, as implemented by the *9/11 Commission Recommendations Act* of August 2007. This act sets out a **100% prior scanning requirement for US-bound shipping containers by 1 July 2012**, thereby running counter to a modern customs approach of risk based controls through effective targeting followed by scanning and/or inspection when necessary.

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<sup>1</sup> *European Parliament resolution on EU-US transatlantic economic relations*, adopted in Brussels on 1 June 2006 (P6\_TA(2006)0239)

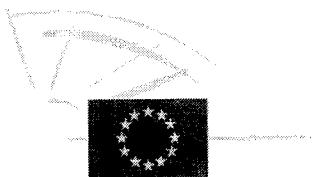
For the EU and other major partners, the envisaged scanning of all U.S.-bound containers (which originally was to be applied only in a feasibility study) in more than 600 ports would lead to **major trade disruptions** and an additional administrative burden. It would require major re-structuring of EU ports and place a **very heavy financial burden on EU business** and ultimately, on its taxpayers. The bill does not include a spending authorisation/financial clause for equipping foreign ports. Therefore costs for the installation of the necessary equipment are expected to be borne by the port and shipping companies.<sup>1</sup> The new legislation also sets out other requirements (e.g. standards for container security devices and/or smart box technology), which have the potential to hamper the possibility for EU trade to compete fairly with their U.S. competitors and to excessively burden the EU export supply chain.

The Commission, Member States, port operators and the entire trade community are seriously concerned about this **unilateral measure which would seriously disrupt transatlantic trade flows**, with no proven security benefits to show for its administrative and financial costs. The outgoing US Administration for once shares this concern, but is not in a position to have the legislation amended or repealed by Congress before the November 2008 elections. Accordingly, Commissioner Verheugen has repeatedly asked MEPs to use their contacts in Congress to remonstrate against this legislation, the general expectation being that the new Congress would be willing and able to modify it.

The subject was raised at the recent TLD meeting, and its closing statement, signed by both sides, calls on the US Congress to review its relevant legislation in the light of EU concerns. During the debate however, the Chair of the competent congressional sub-committee, Hon. Sheila Jackson Lee, made plain that the 100% scanning requirement was "embedded in US policy at least for the next 3 to 5 years", i.e. beyond the 2012 deadline, which would make a quick solution rather unlikely.

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<sup>1</sup> An indication of the potentially devastating economic impact was provided by the pilot programme in the context of the U.S. Secure Freight Initiative (SFI) that was intended to evaluate the feasibility of 100% scanning and to install such full scanning equipment in seven international ports: It appropriated roughly \$60 million to cover costs in some, although not in all of the ports. For the Southampton pilot project alone, the costs were estimated at \$14.5 million.



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*64th Transatlantic Legislators' Dialogue (TLD)*  
*Ljubljana, 24-26 May 2008*

**BRIEFING NOTE**  
**on**  
**US DOMESTIC POLICIES**

**State of the Union Address**

On 28 January 2008 President George W. Bush delivered the State of the Union Address to a Democrat-controlled House of Representatives and Senate in his seventh year in office. According to the Bush Administration, the Budget for 2009 promotes an economic growth plan, makes tax relief permanent, and proposes other policies to improve the quality of education, expand access to affordable health care, address the rising cost of energy, and help Americans keep their homes. Also vital to deficit reduction is spending restraint and addressing the long-term challenge of unsustainable entitlement spending by terminating or reducing government funded programs. The goal of the Budget 2009 is to balance the federal budget by 2012, and sets a record breaking \$3.1 trillion USD.

***Balancing the Budget by 2012***

**Economic Growth Plan**

The foundation for the President's economic growth plan is his tax relief policy. This plan involves creating an economic climate in which workers and businesses thrive by proposing tax policies that promote entrepreneurship, job creation, and economic growth. Through the President's tax relief efforts which total \$100 billion, tax rates for individual income, capital gains, dividends, estates and gifts have all been cut. The Budget also proposed to make permanent the 2001 and 2003 tax relief packages that are set to expire at the end of this decade, tax modifications to close loopholes, simplify the tax code for families, increase compliance, promote retirement savings, increase small business investment, and make health care affordable for all Americans<sup>1</sup>.

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<sup>1</sup> <http://www.whitehouse.gov/infocus/budget/2009/index.html>

## **Increasing Government Transparency**

A challenge the government faces is a need to reform the budget process in order to restore public confidence in Federal spending decisions. To do so, President Bush is seeking to eliminate earmarks. Earmarks are legislative provisions that direct funds to a particular recipient or location, and often have not been approved by House, Senate, or the President. Legislators maintain that these projects support important local institutions and encourage research that stimulates economic development or addresses other public needs in their states, though Earmarks remain controversial. Of the Presidential candidates Senator John McCain, who has criticized earmarks as wasteful, did not introduce any last year. Senator Barack Obama obtained 10 earmarks worth a total of \$19 million, and Senator Clinton was responsible for 21 earmarks worth \$70 million, the sixth-highest total in the Senate<sup>1</sup>.

## ***Addressing Immediate Economic Challenges***

### **Housing**

Mortgage fallout is happening across the nation as a result of the economic slowdown. Housing prices have fallen by 10% since their peak, and with many sources of mortgage delinquency rates at record high levels, 6% of borrowers nationwide are behind on their payments. Home owner's debt now often exceeds equity, and as a result, 9 million homeowners have "negative equity", mortgage debts that are greater than the market value of their homes.

To address this situation, the Budget includes proposals to preserve and promote homeownership, providing \$65 million for the Department of Housing and Urban Development's Housing Counselling program. This is an increase of 30% from 2008. Another \$150 million will be allocated to the Neighbourhood Reinvestment Corporation to help educate consumers, combat foreclosures, and promote a healthier housing market. The Budget also includes a proposal to expand the mortgage revenue bond program to allow refinancing of home mortgages. This proposal would allow State and local governments to use the tax-exempt bonds to refinance existing loans to assist eligible subprime borrowers. The Bush administration also created the HOPE NOW alliance in October 2007, as a cooperative effort between the US government, counselors, investors, and lenders to help homeowners who may not be able to pay their mortgages. In December 2007, President Bush announced that representatives of HOPE NOW have developed a plan to freeze interest rates for some subprime borrowers who would not be able to make higher payments if their interest rate rose. President Bush also proposed Congress pass legislation to reform the Federal National Mortgage Association and the Federal Home Mortgage Corporation (also known as Fannie Mae and Freddie Mac respectively), modernize the Federal Housing Administration, and allow state housing agencies to issue tax-free bonds to help homeowners refinance their mortgages.

There has not been a single cause identified for the fallout in sub prime mortgages, however, some cite the dramatic payment increases in adjustable rate mortgages as the leading factor in many regions in the United States. As opposed to a fixed-rate mortgage, the interest rate changes periodically, usually in relation to an index, and payments may go up or down accordingly. As such, they can increase even though interest rates do not. The mortgages of many homeowners

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<sup>1</sup> Factiva

are also experiencing what is known as negative amortization, where the amount owed increases even when all required payments are made on time. Negative amortization occurs when monthly mortgage payments are not large enough to pay all of the interest due. In many cases buyers purchased homes beyond their means in hopes of dramatic appreciation in value, and many choose to make a fixed monthly payment early in the life of the loan that does not cover the monthly interest charges. Left with a balance greater than the original, borrowers cannot escape foreclosure with the slowing housing market and declining home values<sup>1</sup>.

Unemployment and a slowing in home value appreciation have also been identified as contributing factors in other areas. In February alone, 63,000 jobs were lost mainly in the construction and manufacturing sectors, demonstrating weakness in the labour market. States in the Midwest experienced an increase in foreclosure as a result of cutbacks in manufacturing jobs at automotive companies such as General Motors, Ford, Chrysler, and other part suppliers. Unemployment rates in Michigan, Ohio, Illinois, and Indiana rose considerably over 2006 with some states reporting unemployment rates 2% higher than the national average. The loss of jobs in the automotive sector contributed to Detroit reporting the highest foreclosure rate in the country's 100 largest metropolitan areas in 2006<sup>2</sup>.

## *Ensuring Sustained Prosperity*

### **Health and Social Security**

Spending on federal health programs Medicare and Medicaid have increased 2.5% faster than GDP per person over the past 40 years. The Economist estimates that if current policies were to persist, these health outlays would go from 4.6% of GDP to 12% by 2050<sup>3</sup>. The reform proposals for Medicare and Medicaid are estimated to produce a total of the majority of entitlement savings of \$603 billion over the 10-year period. In addition to changes to Medicare and Medicaid, the Budget proposes to increase premiums paid to the Pension Benefit Guaranty Corporation, eliminate Social Services Block Grants, terminate the Perkins loan program, and modify the Disability Insurance program<sup>4</sup>.

To improve access to affordable health care according to President Bush, a true marketplace for health care would encourage competition, and thereby improve efficiency. This plan proposes replacing the existing and unlimited tax exclusion for employer-sponsored insurance with a standard deduction, which levels the playing field for Americans who purchase health care individually rather than through their employers. The Budget also improves access to health care by increasing the power of small employers, civic groups, and community organizations to band together to negotiate lower-priced health premiums, allowing competition among health plans across State lines. It also proposes reauthorization of the State Children's Health Insurance Program with funds for outreach and enrolment to ensure access for low income children<sup>5</sup>.

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<sup>1</sup> Schwendimann, Hans L. The mortgage default crisis: the American dream becomes a nightmare. Business Perspectives. Summer 2007

<sup>2</sup> Schwendimann, Hans L. The mortgage default crisis: the American dream becomes a nightmare. Business Perspectives. Business Perspectives. Summer 2007

<sup>3</sup> Economist.com. For the bin. February 7, 2008.

<sup>4</sup> <http://www.gpoaccess.gov/usbudget/fy09/pdf/budget/outlook.pdf>

<sup>5</sup> <http://www.whitehouse.gov/omb/budget/fy2009/pdf/budget/overview.pdf>



The Social Security program will face additional strain within the near future, and the funding cutbacks will be a concern for many. The first of the 78 million "baby boomers", individuals born between 1946 and 1964, will begin to collect retirement benefits under Social Security. Three years from now, beginning in 2011, these oldest baby boomers will be eligible for Medicare benefits. Compounding this unprecedented growth in new beneficiaries are the continued growth in life expectancy and the decline in the working population relative to the retired population. Over the next 25 years, the share of the population aged 65 and older is forecast to increase from 12% to 20%, and the share of the population that is working in paid employment is forecast to fall from its current 60% to 55%<sup>1</sup>.

## **Education**

Quality education is also on the agenda as the budget will strengthen the No Child Left Behind Act (NCLB). Recent assessments have shown significant improvements in the test scores for minority and low income students in grades 4-8. The Budget is also taking steps to combat rising tuition costs. Along with signing the College Cost Reduction and Access Act into law, the Budget also provides nearly \$95 billion in financial aid to approximately 11 million students to assist with college tuition costs.

## ***Keeping America Safe***

### **Security**

The military remains the centrepiece of the budget, and Bush will propose \$515.4 billion for the Pentagon for fiscal year 2009, an increase of 7.5% from the funds Congress approved for this year for the Global War on Terror<sup>2</sup>. The Budget will invest \$70 billion to maintain the high levels of military presence necessary to achieve the U.S. strategic goal of a democratic Iraq and Afghanistan. To protect the Nation's homeland, the Budget proposes a 10.7% increase in funding for improving nuclear detection capabilities, expanding cyber security protections, and for border security. To support the Nation's diplomatic and international development efforts overseas, the Budget proposes a 14.9% increase for international affairs<sup>3</sup>. International engagement will be seen in the President's Emergency Plan for AIDS Relief, the President's Malaria Initiative, support of the Millennium Challenge Corporation, and the enhanced basic education programs. Further resources will be invested in crisis response and civilian stabilization and reconstruction efforts.

### **Energy**

To address climate change, the President signed a bill that will set a mandatory Renewable Fuel Standard and also a national fuel economy standard of 35 miles per gallon by 2020 in order to cut gasoline consumption. The Budget also highlighted the need for greater energy security and proposed to protect the economy against oil supply disruptions by doubling the capacity of the Strategic Petroleum Reserve. Emphasis has also been placed on the Advanced Energy Initiative which involves the development of carbon capture and storage technologies, as well as solar power, nuclear power, and hybrid vehicles.

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<sup>1</sup> <http://www.gpoaccess.gov/usbudget/fy09/pdf/budget/outlook.pdf>

<sup>2</sup> <http://global.factiva.com/aa/defaults.aspx?pp=Print&hc=Publication>

<sup>3</sup> <http://www.gpoaccess.gov/usbudget/fy09/pdf/budget/outlook.pdf>

## ***Response to the Budget***

Despite rhetoric of fiscal discipline and balancing the federal budget, President Bush's 2009 Budget is facing criticism from many groups of civil society, and his approval rating is the lowest of any U.S. President since WWII sinking to a low 28%<sup>1</sup>. Though the Bush administration emphasises the deficits of the next years to be around 2.8% of the gross domestic product, deficits of about \$400 billion for both fiscal 2008 and 2009 have been projected. This deficit would be more than twice the \$163 billion shortfall recorded in 2007. Though the Budget has promised \$150 billion in tax rebates, the tax breaks the Bush Administration advocates are being criticised by Congress, trade unions and by the general public.

The overall feeling regarding the tax cuts are that they will ultimately undermine funding for education, health care, public safety, and other public services. In the Budget, the President was insistent that the tax cuts from 2001 and 2003 should be permanent, though this would cost nearly a trillion dollars over the next five years. As the policies of the Budget 2009 are to be in place after President Bush's departure, they faced strong opposition from the Democrats. In March, the Senate rejected calls from both parties' presidential candidates to take an election-year break from earmarks, and as well, a Democrat controlled Congress passed budget plans that would torpedo hundreds of billions of dollars in tax cuts won by President Bush<sup>2</sup>.

With the upcoming Presidential election in January 2009, Democrat candidates are in a campaigning race for party leadership, and were quick to respond with strong criticisms to the Budget 2009. Both Democrat Senators Hillary Clinton and Barack Obama, the front runners in the race, echo the sentiment that President Bush's budget is misguided. They claim that it aims to boost the economy by reducing taxes for the wealthiest Americans, ignores the needs of the majority middle class citizens at the cost of social security for seniors, sacrifices education for today's youth, and health care for those who are most in need. In regards to the proposed increase in funding for the defence budget, both advocate the withdrawal of the troops from Iraq as they feel the war has been costly and ineffective. While the humanitarian situation is in dire straights, and with the military experiencing its deadliest year in 2007, public support for further pursuing conflict in the Middle-East is at an all time low.

Senator Clinton's response to the State of the Union address focused on the dwindling economy. She says, "The truth is that Washington is out of touch with what's happening across the country"<sup>3</sup>. Instead of bringing new direction and solutions to an environment of economic instability, what President Bush proposed "was more of the same, a frustrating commitment to the same failed policies that helped turn record surpluses into large deficits, and push a thriving twenty-first century economy to the brink of recession"<sup>4</sup>.

Obama attacked the Bush Administration as a whole stating that the politics we see in Washington are "broken politics". He believes the Bush Administration have used fear and ideology instead of hope and common sense, and have been prioritizing corporate interests above those of the average citizen. He further criticized the role of lobbyists, and their influence in Washington. In regards to the current political climate in the U.S., he stated, "Each year, as we watch the State of the Union, we see half the chamber rise to applaud the President and half

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<sup>1</sup> <http://www.gallup.com/poll/106426/Bush-Job-Approval-28-Lowest-Administration.aspx>

<sup>2</sup> <http://www.msnbc.msn.com/id/23612342/>

<sup>3</sup> <http://www.nydailynews.com/blogs/dailypolitics/2008/01/obama-clinton-edwards-reaction.html>

<sup>4</sup> <http://www.nydailynews.com/blogs/dailypolitics/2008/01/obama-clinton-edwards-reaction.html>

the chamber stay in their seats, we see half the country tune in to watch, but know that much of the country has stopped even listening"<sup>1</sup>.

Conversely, while Democrats are pushing for a rapid drawdown of U.S. troops in Iraq, a plan that could save nearly \$100 billion by 2010, Republicans, including Senator John McCain, the Republican presidential candidate, supports the maintenance of a large U.S. military contingent in Iraq for the time being and argues that a shift in economic ideology is a mistake. In line with the Budget 2009, he states that "Senators Clinton and Obama have a plan to raise taxes and government spending, that is the wrong way forward. Voters will choose between my vision for lowering taxes, cutting spending, and restoring fiscal responsibility, and the Democrats' tired ideas of raising taxes and increasing frivolous spending"<sup>2</sup>

Trade Unions have also been vocal in their response to the Budget 2009, sharing many of the Democrat views. The American Federation of State County and Municipal Employees (AFSCME) is the largest public employee and health care workers union in the United States. The AFSCME position on the tax breaks is that President Bush means to reduce tax rates on capital gains and dividend income, and as a small minority own the most stocks and assets, and as this tax cut disproportionately benefits large corporations and the wealthy. As a whole, they feel that cuts in the budget are expected to affect mostly the middle class as cuts in funding to government domestic programs will come from health, job training and employment services, and education programs<sup>3</sup>. President of the American Federation of Teachers, Edward J. McElroy urged Congress to reject the 2009 Budget. The AFT's position was that the Budget is imprudent and provides inadequate increases to Title I (the federal government's largest program serving disadvantaged youngsters) and special education, yet diverts \$300 million to a new, unproven national voucher program and adds more than \$100 million to a flawed teacher pay plan (the Teacher Incentive)<sup>4</sup>. Child advocacy groups such as First Focus state that one in five children in the U.S. are living in poverty, the highest rate of childhood poverty in the developed countries. Despite this fact, the overall budget makes cuts totalling \$2.8 billion to discretionary programs that affect children, a 3% decline from last year's federal budget.

Even historically loyal supporters of the Republican Administration are critical of the budget cuts. The American Farm Bureau Federation, complain the cuts of 17% by 2010 disproportionately target essential agricultural programs and farm subsidies in rural communities. Rep. John E. Peterson (R-Pa.), co-chairman of the Congressional Rural Caucus responded, "We expected to fight cuts to rural programs under the Clinton administration, but those who are currently advocating these draconian cuts would not be in office today if it weren't for rural America"<sup>5</sup>. Thomas Cadmus, national commander of the American Legion, said the proposed cuts to veterans' health care are "not acceptable and are an attempt to raise revenue at the expense of veterans. The service and sacrifice of our veterans is real, and the budget for the Veterans Affairs must provide realistic funding levels to meet these needs. The Bush budget for veterans does not make the grade"<sup>6</sup>.

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<sup>1</sup> <http://www.nydailynews.com/blogs/dailypolitics/2008/01/obama-clinton-edwards-reaction.html>

<sup>2</sup> <http://www.johnmccain.com/Informing/News/PressReleases/174fdccc-cb53-4f50-b890-19766bbeed50.htm>

<sup>3</sup> <http://www.afscme.org/legislation-politics/1486.cfm>

<sup>4</sup> <http://www.aft.org/news/2008/mcelroy-budget.htm>

<sup>5</sup> <http://www.washingtonpost.com/wp-dyn/articles/A21552-2005Feb13.html>

<sup>6</sup> <http://veterans.house.gov/news/PRArticle.aspx?NewsID=194>

## **Joint Statement of the European Commission and the United States**

### **Second Meeting of the Transatlantic Economic Council, 13 May 2008**

A year ago, at the EU-U.S. Summit meeting of 30 April 2007, our leaders committed themselves to deepen and broaden transatlantic economic ties and signed the Framework for Advancing Transatlantic Economic Integration (Framework), which set up a joint political-level body, the Transatlantic Economic Council (or TEC), comprising U.S. Cabinet Members and European Commissioners, to oversee implementation of the Framework's work program. Since last April, we have been working energetically towards that goal.

We believe that transatlantic economic integration will maximize economic benefits for our citizens through competition and stronger growth, while maintaining high standards of safety and protection. Seeking, through the use of good regulatory practices, to bridge our current regulatory divergences and avoid the creation of new ones is essential to advancing economic integration.

A first meeting of the TEC was held in November 2007 in Washington, DC, and today the TEC has met for a second time in Brussels, under the chairmanship of Guenter Verheugen, Vice President of the European Commission, and Daniel Price, Assistant to the President for International Economic Affairs.

The outcomes of today's meeting show the firm commitment of both sides to reach our common objective of economic integration. Our meeting has shown clear signs of steady progress towards a more convergent transatlantic regulatory environment in a number of priority areas.

In particular, today we have taken the following steps towards closer integration:

- In line with its commitment at the last TEC meeting, the European Commission will, before the EU-U.S. Summit in June, propose changes to EU regulations that will allow the importation of poultry meat processed using pathogen reduction treatments, as well as the use of such treatments in EU Member States in the production of poultry meat for consumption in the EU. Further, the Commission expressed its determination to find an agreed solution to this issue, working with Member States and the European Parliament, before the next TEC meeting, planned for autumn 2008
- The United States Occupational Safety and Health Administration will publish a new request for information (RFI) concerning suppliers' declaration of conformity as a basis for certifying that certain electrical and electronic equipment is safe for use in U.S. workplaces
- The European Commission will take concrete action to ensure that trade in cosmetics and personal care products is not disrupted by REACH implementation. The Commission will undertake the necessary steps, within its competence, to ensure transparent implementation, legal certainty, and non-discriminatory trade

- The TEC will submit to the EU-U.S. Summit an Open Investment Statement which affirms our commitment to promoting open investment policies at home and to working together to oppose protectionism abroad
- The European Commission will propose a positive decision on the equivalence of U.S. accounting standards (GAAP) to EU rules in the course of 2008
- Work on mutual recognition in securities regulation has intensified and the EU and SEC will define a process for carrying out comparability assessments of their securities regimes later this year. The TEC also encourages the implementation of other approaches to facilitate cross-border financial services, such as providing relief from local licensing requirements for securities firms engaging in cross-border business with certain sophisticated investors
- We have urged our financial markets regulators to make significant strides by the end of 2008 to identify the steps that need to be taken to create a true level playing-field for EU and U.S. insurance companies in each other's jurisdiction
- U.S. Customs and Border Protection and the European Commission will work to implement the roadmap for achieving mutual recognition of trade partnership programmes which they agreed on 6 March 2008 and achieve mutual recognition of the relevant EU and U.S. programmes in 2009
- Cooperation between the U.S. Food and Drug Administration (FDA) and the European Commission has been intensified in several areas which will facilitate transatlantic trade. These areas include: validation of alternative methods to animal testing for cosmetic ingredients, administrative simplification for medicinal products, and the provision of parallel scientific advice from the FDA and the European Medicines Agency (EMA) to veterinary medicine manufacturers
- The EU-U.S. High Level Regulatory Cooperation Forum has presented a report on strengthening our cooperation on the safety of imported products, including concrete recommendations on how to overcome current constraints on effective information sharing, and a report on the analysis of international trade and investment impacts in our respective regulatory impact assessment guidelines. These reports confirm a common interest in working more closely together on these issues
- Closer EU-U.S. cooperation has been reported in a number of other areas, such as intellectual property rights enforcement, automobile safety, consumer protection on the internet, work by technical experts to identify potential areas of convergence in standards for biofuels, and the use of radio frequency identification technology
- The United States Patent and Trademark Office and the European Commission have agreed to a roadmap to advance global patent harmonization.

Further details on these and other parts of our work programme will be addressed in the Progress Report of the TEC to the Summit.

Although much has been achieved in the last year, much remains to be done. Neither side, for example, is completely satisfied that its concerns are yet being fully addressed in the TEC

process. The U.S. side has expressed concerns that the REACH regulation and its implementation are already causing serious problems for the export of U.S. chemical products and goods that contain or are produced using those products to the EU market, and the Commission has expressed its concerns that U.S. legislation requiring 100 percent scanning of containers bound for U.S. ports starting in 2012 or later may cause problems for the export of EU products.

Nevertheless, the TEC is yielding concrete results, and we believe our successes to date justify confidence that the TEC can achieve the important objectives for which it was created. We intend to take our current work programme forward and to take stock of progress in a third meeting before the end of this year.

The United States and the European Union share the largest economic relationship in the world. We also share core values, including a belief in the importance of open economies, transparency and the rule of law. These bonds are strong. They inform our approach to each project we pursue. It is because of the breadth and depth of what unites us that we expect the TEC to continue playing a vital role in the U.S.-EU relationship.

**Table of Contents**

<u>Issue</u>	<u>Page</u>
<b>I. ITEMS FOR POLITICAL DISCUSSION IN TEC PLENARY .....</b>	<b>1</b>
1. SUPPLIERS DECLARATION OF CONFORMITY .....	1
2. IMPORT SAFETY .....	1
3. POULTRY/PATHOGEN REDUCTION TREATMENTS.....	1
4. ACCOUNTING STANDARDS .....	1
5. INSURANCE/REINSURANCE.....	2
6. REACH.....	2
7. SECURITIES TRADING .....	2
<b>II. ITEMS TO BE NOTED BY THE TEC.....</b>	<b>3</b>
8. AIR SERVICES.....	3
9. SECURE TRADE PARTNERSHIPS PROGRAMMES.....	3
10. SUPPLIERS DECLARATION OF CONFORMITY .....	3
11. EU-US INVESTMENT DIALOGUE .....	4
12. ANIMAL TESTING FOR COSMETICS .....	4
13. PATENT LAW HARMONIZATION.....	4
14. REGULATORY IMPACT ASSESSMENT .....	5
15. ELECTRONIC HEALTH.....	5
16. REGULATION OF MEDICINAL PRODUCTS.....	5
17. AUTO SAFETY.....	5
18. BIOFUELS STANDARDS.....	6
19. IPR ENFORCEMENT.....	6
20. BIO-BASED PRODUCTS .....	6
21. RFID (RADIO FREQUENCY IDENTIFICATION).....	7
22. MOUSE-FUNCTIONAL GENOMICS .....	7
23. INTERNET PROTECTIONS FOR CONSUMERS .....	7

## **I. Items for political discussion in TEC plenary**

### **1. Suppliers Declaration of Conformity**

**US Occupational Safety and Health Administration progress report on supplier's declaration of conformity (SDoC) for electrical, electronic and information and communication technology (ICT) products**

The European Commission considers that the need to submit low-risk electrical and electronic products to third-party conformity assessment intervention prior to their sale in the US market imposes unnecessary additional costs and market-entry barriers on exporters of these goods, thereby obstructing and distorting transatlantic commerce.

Therefore the European Commission requests the US Government to allow the import and sale of any low-risk electrical and electronic product on the basis of the manufacturer's declaration of conformity, thereby eliminating mandatory third-party intervention.

### **2. Import Safety**

**Joint report and recommendations for information exchange and further EU-US cooperation**

The US and the EU are confronted with very similar challenges arising from imported food and non-food products from, in particular, China. There is thus good potential for enhanced cooperation on increased overall efficiency of our respective market surveillance and enforcement systems, as well as on import safety.

A joint report on possibilities for further EU-US cooperation in the field of safety of imported products for the next meeting of the High Level Regulatory Cooperation Forum (25 April), to be endorsed by the TEC on 13 May is under preparation.

### **3. Poultry/Pathogen Reduction Treatments**

**EU progress report on imports from United States**

At the last TEC in November 2007, the Commission has committed to making a proposal for definitely resolving this long-standing issue (of antimicrobial treatments of poultry) before the next EU-US Summit, after receiving scientific advice.

COM services are currently discussing next steps to be taken following the scientific assessment provided by the European Food Safety Authority (EFSA) on antimicrobial effects through food intake and the Scientific Committee on Emerging and Newly Identified Health Risks (SCENIHR) and the Scientific Committee on Health and Environmental Risks (SCHER) on environmental and on antimicrobial effects .

### **4. Accounting Standards**

**EU progress report on acceptance of US GAAP**

In line with the common Framework objective "to promote and seek to ensure conditions for the US GAAP and IFRS to be recognized in both jurisdictions without the need for



reconciliation by 2009 or possibly sooner”, the US SEC took the decision to abolish the reconciliation to US GAAP for foreign companies using IFRS in November 2007.

The European Commission will propose a decision on the equivalence of US GAAP in the course of 2008. At the next TEC meeting the EU will inform the US on the state of play towards acceptance of US GAAP without reconciliation

## **5. Insurance/Reinsurance**

### **Mutual Recognition of Insurance and Reinsurance**

A system of mutual recognition agreements in insurance and reinsurance based on comparable efficient, cost-effective and modern regulatory standards and structures would increase capacity and attract more capital into the transatlantic insurance and reinsurance markets, and thus lower costs and benefit consumers and businesses purchasing insurance and reinsurance both in the EU and US.

By the end of 2008, both sides should draw up a roadmap on the steps needed to be taken by both sides to be able to conclude mutual recognition agreements in these areas. Such a roadmap should include consideration of the best way forward to abolish reinsurance collateral in the US as well as to ensure comparable and efficient transatlantic Solvency standards.

## **6. REACH**

### **Discussion of cosmetics, transparency, and possible trade impacts**

The US has raised this matter, as it fears that as of June 2008 some cosmetic products will no longer be allowed to be placed on the EU market due to the chemicals they contain and which have not been authorised according to the REACH legislation.

## **7. Securities Trading**

### **Agreement on framework to enhance market access for supply of services by broker-dealers, exchanges and other trading systems**

Mutual recognition of US and EU broker-dealers, exchanges and other trading systems would have the potential to facilitate access of EU and US investors to a broader and deeper transatlantic market, increase the availability of information about foreign investment opportunities, promote greater diversification of securities portfolios, reduce transatlantic trading and transaction costs, and increase oversight coordination among regulators.

Both sides are working on a framework for mutual recognition for securities which they hope to finalize by mid 2008. The objective is to develop an approach that strikes a balance between securing the benefits of greater cross-border access to investment opportunities, while protecting investors, fostering capital formation and maintaining fair, orderly, and efficient markets.

## **II. Items to be noted by the TEC**

### **8. Air Services**

#### **Joint statement on second phase of negotiations**

The EU and the US have signed a comprehensive air services agreement at the EU-US summit in April 2007, which represented a significant step forward for both sides.

A second stage of negotiations aimed at completing the task of establishing an Open Aviation Area is due to begin on 15/16 May 2008.

Among the priorities defined in the first-stage agreement, the EU attaches great importance to a meaningful access to the US market, notably in terms of lifting ownership and control restrictions.

At the next TEC we are not seeking to engage in technical discussions on this issue, but to agree on a joint statement reaffirming the high level political commitment of both sides to a meaningful engagement in the second stage negotiations.

### **9. Secure Trade Partnerships Programmes**

#### **Report on implementation of roadmap**

The joint roadmap agreed between the European Commission and the US government sets out short and medium term political, administrative and legal measures and the key performance-based stages required to reach mutual recognition of EU and US Customs-Trade partnership programs in 2009.

This roadmap gives importers the possibility to rely on the part of the transatlantic supply chain that is covered by their suppliers or vendors which are authorised secure economic operators on the basis of the standards and requirements outlined in their respective trade partnership programmes AEO (Authorised Economic Operators) and C-TPAT (Customs-Trade Partnership Against Terrorism) and to provide equivalent benefits to each other's mutually recognised operators.

A final version could be delivered for information to the May 2008 TEC together with a presentation of a progress report on the state-of-play on mutual recognition.

### **10. Suppliers Declaration of Conformity**

#### **US FCC report on use of suppliers declarations of conformity for certain products**

In the US, the Federal Communications Commission (FCC) maintains a "type approval" system for electromagnetic compatibility and radio requirements of radio and telecommunications products the execution of which is largely delegated to Telecommunication Conformity Assessment Bodies.

The European Commission urges the US government to progressively replace its regime of type approval by a system comparable to the EU regime allowing manufacturers to declare compliance to global standards, so as to reduce the regulatory burden on business and consumers.

## **11. EU-US Investment Dialogue**

### **Issue EU-US open investment statement and endorse outcomes of dialogue.**

The key overall objectives of the EU-US Investment Dialogue are to work with the US on maintaining and fostering a transatlantic economy open to investment as well as an international environment that is conducive to investment.

Themes laid down in a formally agreed Work Plan include joint analysis and, where needed, responses to recent global investment trends; addressing laws, policies and practices that could affect investments in EU and US; coordination in addressing global investment barriers in key third countries; and moving ahead investment issues discussed in the context of the OECD and G8/Heiligendamm process.

From the forthcoming TEC meeting we expect (1) the promulgation of the joint open investment statement and (2) the endorsement of the work of the Dialogue, which includes notably discussion on Sovereign Wealth Investment and on investment regimes and barriers in third countries.

## **12. Animal Testing for Cosmetics**

### **Note progress towards validation of alternative testing methods**

As of March 2009, cosmetic products with ingredients tested on animals – with few exceptions – can no longer be sold in the EU. At the same time, the US government will allow only products that have been tested on animals in the US market. Producers would then have to choose between the two markets, instead of producing for both.

Despite the 2007 Summit commitment of both sides to reducing the need for animal tests by cooperating on alternative testing methods, and their agreement at the November 2007 TEC meeting to cooperate more closely in the peer review of validation studies of alternative methods to animal testing for cosmetics, progress has been slow.

The European Commission's objective is to set up a bilateral peer review body for validation of alternative testing methods. Its joint scientific opinions would form the basis for regulatory acceptance in both the EU and the US.

## **13. Patent Law Harmonization**

### **Agree on roadmap**

In the 2007 "Framework for advancing transatlantic economic integration" EU and US confirmed their common objective to promote international patent law harmonization with the aim to provide for a more efficient global patent system.

During the first TEC meeting in 2007, both sides agreed that a joint roadmap could help to promote progress on the file.

Work is underway to this end. The European Commission will continue to act as a broker to reach a common position among EU Member States within the so called "Alexandria process" (Group B+) and discuss with the US on that basis. However, this dialogue is not intended to open any new or parallel negotiations on global substantive patent law harmonization which should take place within Group B+ negotiations (and hopefully within WIPO).

## **14. Regulatory Impact Assessment**

### **Report on how EU and US assessments take account of trade and investment impacts**

Under the general objective of removing barriers to transatlantic commerce the joint paper aims at taking stock of how (regulatory) impact assessments carried out by the European Commission and by the Office of Management and Budget OMB address issues that are relevant for EU-US trade and investment, with a view to propose ways to improve and strengthen these assessments.

The final version of the joint report is to be announced at the next TEC meeting.

## **15. Electronic Health**

### **Agree on roadmap towards interoperability and certification**

#### **Agree on a roadmap towards interoperability**

Interoperability facilitates the secure and fast provision of data for research, drug safety and public health. Moreover, it promotes transparency and growth of the global e-health market for the benefit of cheaper and better quality products through increased competition.

The aim of this lighthouse project is to work together with the US on common approaches to interoperability of electronic health record systems by publishing a roadmap by end of 2009.

## **16. Regulation of Medicinal products**

### **Take note of progress on transatlantic administrative simplification initiative**

EU and US legislation governing research, development, authorisation and supervision of medicinal products focuses on the protection and promotion of public health by ensuring that authorised medicinal products are high quality, effective and have an appropriate level of safety.

Both sides agree that further harmonisation of regulatory requirements between the EU and US will improve the quality of the application of medicines regulation, save costs and free up resources that can be invested in the research and development of medicines to meet the needs of EU and U.S. citizens.

## **17. Auto Safety**

### **Endorse cooperation on the development and adoption of Global Technical Regulations**

The EU and the US strongly support international harmonisation of motor vehicle regulations in particular in the field of road safety. The acceptance of common requirements in the major car markets in the world would mean reduce the costs of adapting vehicle production to divergent standards and would allow a better exploitation of scale economies.

The EU and the US are committed to working towards the adoption of Global Technical Regulations on Electronic Stability Control and pedestrian protection and to consequently align their domestic legislation to the content of such GTRs.

## **18. Biofuels standards**

### **Endorse collaboration on development of joint standards**

EU-US cooperation on eventually removing potential non-technical barriers to trade in biodiesel and bioethanol is advanced and on-going, following a common work-plan agreed in February 2008.

On bio-fuels standards, a White Paper on Internationally Compatible Biofuel Standards has been developed with the cooperation of European, American and Brazilian standards bodies. It carefully delineates which aspects of technical standards for biofuels are already more or less harmonized, which would be too difficult to harmonize, and which can be brought into closer alignment through continued effort.

A roadmap laying out work to be completed by the end of 2008 is under development.

## **19. IPR enforcement**

### **Progress report on EU-US cooperation**

In their joint Action Strategy EU and US sides pursue closer customs co-operation (in line with the five point action plan agreed in the framework of the Joint Customs Cooperation Committee) which is now being translated into concrete actions, including joint border enforcement actions, joint enforcement in third countries, the creation of IP networks of EU and US diplomats in third countries (starting with Russia and China, expanding to SE Asia, Latin America, etc.) and – last but not least – strongly increased collaboration with the private sector in order to further improve customs' ability to target consignments of goods suspected of IPR infringements.

A joint Working Group, meeting twice a year, is now in charge of the implementation of the above actions. Progress on all the above mentioned areas is going at a good pace. The next meeting will take place on 16 May in Berlin.

## **20. Bio-based products**

### **Develop roadmap for EU-US collaboration**

Bio-based products are those derived from agricultural biological materials, for example soy lubricants, corn-based plastics and building materials. They can reduce our reliance on products derived from petroleum.

EC-US cooperation aims to accelerate the transformation from a petroleum-based economy to a sustainable bio-based economy by increasing the technological development, market penetration and international trade of bio-based products .

Under the EC-US Task-Force on Biotechnology Research, EC-US scientific workshops currently help to identify joint research priorities related to new eco-efficient bio-based products.

## **21. RFID (Radio Frequency Identification)**

### **Agree on roadmap for sharing information on best practices, including cooperation on targeted pilot projects**

EU and US have agreed that the roadmap will include the identification and exchange of best practices to optimise the economic and social impacts of RFID, and involve the following components:

- Best Practices: development of a joint framework for cooperation on identification and development of best practices for RFID technologies.
- Regulations and Policies: initiatives to align EU and US regulatory and policy approaches on RFID technologies, including pilot projects in the public sector and viewpoints on technical/policy standards development.
- Education and Outreach: joint organisation of symposia on societal benefits of RFID in Europe and the US to allow for deeper EU-US exchanges of best practices on actual RFID uses, and to generate greater industry-to-industry cooperation and more opportunity for consumer group and legislative involvement in the joint discussions; encouraging industry to explore ways in which the technology can be used to serve society and improve the quality of life of citizens.

## **22. Mouse-Functional Genomics**

### **Report on establishment of U.S -EU research consortium**

The mouse is a pivotal organism for studying mammalian gene function and modeling human disease.

Recognising this, four major programmes on the mouse genes currently underway around the world: in the US, Canada, and the EU (Conditional Mouse Mutagenesis Programme) are currently working towards building a comprehensive view of the function of each of the 25.000 mouse genes in development, health and disease.

In March 2007, the three funding agencies (US- National Institutes of Health, Genome Canada and the European Commission) signed a Letter of Intent establishing a Consortium and defining the basic principles of cooperation and coordination of work between these large initiatives.

## **23. Internet Protections for Consumers**

### **Report on negotiations toward an agreement on mutual assistance in consumer protection matters**

The Commission is exploring possible areas for cooperation with the US in the field of Consumer Protection Cooperation Regulation. In this context, Commission services will look at the issue of protecting consumers on the internet.



May 27, 2008

The Honorable George W. Bush  
President of the United States of America  
The White House  
Washington, DC 20500

The Honorable José Manuel Barroso  
President of the European Commission  
The European Commission  
200 Rue de la Loi  
1040 Brussels, Belgium

The Honorable Danilo Türk  
President of the Republic of Slovenia  
Office of the President of the Republic  
Erjavčeva, 17  
SI-1000 Ljubljana, Slovenia

Dear President Bush, President Barroso, and President Türk:

As chief executives of leading American and European companies participating in the TransAtlantic Business Dialogue (TABD), we commend you for the successive steps that have been taken jointly through the annual US-EU Summit process to forge a constructive and cooperative relationship between the United States and the European Union. A strong transatlantic relationship is not only critical for global security and prosperity, it is essential for job creation, innovation and economic growth on both sides of the Atlantic.

Much has changed since we met with the Summit Leaders in Washington at the conclusion of the 2007 US-EU Summit last April. The challenges facing our economies prompt an even greater need to establish a Barrier-Free Transatlantic Market. Because of your leadership, we are pleased to report that real progress is being made. The 2007 Summit Declaration, which set out the agreed *Framework for Advancing Transatlantic Economic Integration between the United States of America and the European Union (Framework)*, encapsulates the most significant commitment to practical cooperation in recent memory.

We now have in place the necessary architecture for transatlantic economic integration and, importantly, have a political-level body to oversee implementation: the Transatlantic Economic Council (TEC). TEC has proved its value already. We are particularly pleased to observe

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significant joint work taking place on the full range of issues highlighted in the *Framework* agreement and Lighthouse Projects. Of particular importance to our membership are the active efforts to integrate our capital markets, encourage innovation in the key sectors of healthcare and energy, advance secure movement of people and goods across our borders, protect intellectual property rights, and promote regulatory cooperation.

We would like to underscore that the progress made over the past year has achieved tangible results that benefit literally thousands of large as well as small companies engaged in transatlantic commerce. Two examples stand out: a commitment to resolve the long-standing difference in accounting standards, and a decision to work towards the mutual recognition of security-enhancing trade facilitation. We believe these actions would not have been possible without your vision and the work of the TEC. We are confident that the process established will continue to enable American and European officials, business leaders, legislators and consumers to work closely together to tackle remaining barriers and forge a common path forward toward the Barrier-Free Transatlantic Market we envision.

In anticipation of the 2008 US-EU Summit, we respectfully suggest four actions that you could take now to push forward transatlantic economic integration:

- **Open Investment: Declare that the US and EU will maintain an open transatlantic investment environment and signal your resolve to resist protectionism.** This will provide assurance to investors and encourage the free flow of investment that will strengthen both the transatlantic and the world economy. Your action will also give impetus to the elimination of transatlantic investment barriers that still hold back key sectors of our economies.
- **Critical Role of Intellectual Property: Declare that intellectual property plays a critical role supporting the competitiveness of the transatlantic market, and reaffirm the commitment of both sides to work together to enforce the rights of innovators to reap the rewards of their inventions.** Having an open investment environment has little meaning to our knowledge-based economies if it is not girded by strong respect for and vigorous enforcement of intellectual property rights. Movement to reduce this protection -- in any forum -- could have a chilling effect on transatlantic research and development and innovation (particularly in key areas such as healthcare and energy) and directly threaten job creation, economic growth and prosperity.
- **Fastest and Freest Movement of People: Identify “the free movement of people” as a new Lighthouse Priority Project under the *Framework* and commit to fast-track progress in facilitating the movement of business people and travelers across our borders, with due respect to security considerations.** As intertwined as our economies now are, we cannot achieve the Barrier-Free Transatlantic Market without progress on this issue.
- **Energy: Declare that the critical issue of energy be treated as a new Lighthouse Priority Project.** With energy essential for economic growth and sustainable development, and a manifest need to mitigate the effects of climate change, energy cannot be excluded from any serious effort to achieve transatlantic economic integration. We request that you call for intensified transatlantic

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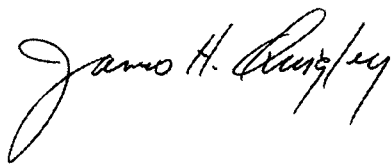
cooperation on energy, with particular emphasis on research, development and deployment, energy efficiency, and regulatory cooperation.

The chairmen and chief executives participating in the TABD are convinced that greater transatlantic economic integration, open investment, respect for intellectual property, free movement of people, and joint work on energy challenges will result in more innovation, stronger competitiveness and, critically, new jobs for Americans and Europeans alike. We hope and expect this Summit to reaffirm the political framework you established a year ago that is yielding concrete results and driving economic integration forward.

For information, we have provided your staffs with detailed recommendations on these and a wider range of issues.

With best wishes for a successful 2008 US-EU Summit.

Sincerely,



James Quigley  
TABD Cochair  
CEO, Deloitte Touche Tohmatsu



Martin Broughton  
TABD Cochair  
Chairman, British Airways

Enclosure: TABD Membership

CC: Secretary Condoleezza Rice  
Secretary Carlos Gutierrez  
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## **Driving Forward Transatlantic Economic Integration** TABD Recommendations to the 2008 US-EU Summit Leaders

May 2008

### **Executive Summary**

As chief executives of leading American and European companies participating in the TransAtlantic Business Dialogue (TABD), we commend the Summit Leaders for the successive steps taken jointly through the annual US-EU Summit process to forge a constructive and cooperative relationship between the United States and the European Union. In this document we set forth our recommendations for action in 2008-2009, "Driving Forward Transatlantic Economic Integration."

Much has changed since we provided recommendations to the 2007 US-EU Summit Leaders. Our economies are facing important challenges. Since the summer of 2007, financial market liquidity has been pressured and we have seen extremely difficult conditions spreading from credit markets and the financial services sector to the broader economy. Consensus forecasts point to a slowing of growth with further downside risks. Business confidence has thus far proved surprisingly resilient but in the current context is fragile. Perceptions -- as much as reality -- can seed protectionist responses. It is even more pressing now in 2008 that the US and EU work together to drive transatlantic economic integration to remove barriers that prevent companies, entrepreneurs and consumers from taking advantage of the world's largest market.

The 2007 Summit Declaration, which set out the agreed *Framework for Advancing Transatlantic Economic Integration between the United States of America and the European Union (Framework)*, encapsulates the most significant statement of vision and practical cooperation in recent memory. We now have in place the necessary architecture for transatlantic economic integration. The *Framework* and Lighthouse Priority Projects, the Financial Markets Regulatory Dialogue, the Investment Dialogue and the High Level Regulatory Cooperation Forum all have their own paths and deliverables and significant joint work is taking place on the full range of issues. We are particularly pleased to observe a significant increase in the myriad of day-to-day collaborations between our policymakers and regulatory agencies. All of these officials report into the Transatlantic Economic Council (TEC) and, by extension, into the US-EU Summit, thereby ensuring on-going political-level support. We have the infrastructure in place to proceed with economic integration.

As a result of the *Framework*, renewed impetus was given to resolving key irritants undermining our economic and commercial policies. In particular, the 2007 Summit Declaration set into motion efforts to resolve the long-standing difference in accounting standards and to ensure conditions for recognition in both jurisdictions of US GAAP and IFRS used in the EU without the need for reconciliation, as well as a decision to work towards the mutual recognition of trade facilitation processes and procedures on both sides of the Atlantic. These two actions alone will benefit literally thousands of large as well as small companies engaged in transatlantic commerce by reducing costs, streamlining time-to-market, and facilitating and encouraging

investment, trade and job creation. We are making progress on transatlantic economic integration in some important areas.

We believe that the TEC is an important innovation for decision-making on transatlantic issues. The TABD is pleased to serve on the Advisory Council to the TEC, along with our colleagues from the Transatlantic Legislators' Dialogue (TLD) and the Transatlantic Consumers Dialogue (TACD). During the course of the year we provided detailed recommendations to the TEC, drawn from broad-based consultation with business in the United States and Europe. Many of our recommendations were specific in nature and tied to actions that the TEC could take on a range of issues. (see [www.tabd.com](http://www.tabd.com) for further information.)

Our recommendations here address issues beyond the current remit of the TEC and relate to strategic challenges that our economies face as we drive forward transatlantic economic integration. We call for action in 2008-2009 in the following areas: open investment and capital market integration, intellectual property protection and innovation, secure movement of people and goods, energy, innovation and technology, and regulatory cooperation.

## **Open Investment and Capital Market Integration**

**We call on the Summit Leaders to declare that the US and EU will maintain an open transatlantic investment environment and resist protectionism.**

### Open Investment

Seamless investment flows optimize value chains and production processes for business and are critical for the efficient allocation of capital. We welcome the statement of TEC, building on the work of the US-EU Investment Dialogue, setting forth a clear message for open investment and endorse the work taking place in the International Monetary Fund (IMF) and the Organization for Economic Cooperation and Development (OECD) to address issues of sovereign wealth funds (SWF). A strong statement on open investment now from the Summit Leaders will provide assurance to investors and encourage the free flow of investment that will strengthen both the transatlantic and the world economy. It will also give impetus to the elimination of transatlantic investment barriers that still hold back key sectors of our economies, including aviation.

The example we set in the transatlantic marketplace will add to the credibility of our efforts to convince third countries of the benefits of open investment regimes and of the value of reducing or eliminating specific barriers to American and European investment.

### Capital and Financial Markets Liberalization

As we continue to examine the causes of the recent turbulence in global financial markets, it is important that government take time to reflect before taking action. At the same time, we strongly urge the US and EU not to lose sight of our vital interest in increasing the integration and efficient operation of transatlantic financial markets. Here progress is good and the work of the Financial Markets Regulatory Dialogue efficient and productive. The leadership of the SEC and EU Commission is also exemplary in recognizing the urgent need for progress. We encourage the US and EU to carry forward work in 2008-2009 in the following areas: complete agreement on accounting standards and move forward with parallel action on auditing standards, agree on principles of transatlantic financial market regulation, fast track mutual recognition and a framework for securities offering and trading, direct the establishment of

collaborative arrangements between US and EU auditor oversight bodies, and endorse the contents of a roadmap for insurance and re-insurance regulatory convergence.

## **Intellectual Property Protection and Innovation**

**We call on the Summit Leaders to declare that intellectual property plays a critical role supporting the competitiveness of the transatlantic market and reaffirm the commitment of both sides to work together to enforce the rights of innovators to reap the rewards of their inventions.**

### Critical Role of Intellectual Property

Intellectual property plays a key role in supporting the competitiveness of the transatlantic market and it is imperative that both sides continue to work together – building on successful cooperation in the area of anti-counterfeit and anti-piracy – to advance the rights of innovators to reap the rewards of their inventions. Having an open investment environment has little meaning to our knowledge-based economies if it is not supported by strong respect for and vigorous enforcement of intellectual property rights. We are concerned that movement to reduce this protection -- in any forum – could have a detrimental effect on transatlantic research and development and innovation (particularly in areas such as healthcare and energy) and directly threaten job creation, economic growth and prosperity.

Innovation is recognized as a key element in maintaining and enhancing American and European competitiveness. Increasingly, we face common challenges from certain high-growth emerging economies and in specialized multilateral fora, which often do not recognize or respect the value of innovation and corresponding intellectual property rights. Recent examples can be highlighted in relation to energy technologies and healthcare technologies.

We congratulate the Summit Leaders for past efforts to enhance the focus and level of cooperation to strengthen intellectual property protection at home and abroad. Our work over the past few years has largely centered on anti-counterfeiting and anti-piracy actions and, while most welcome, is not sufficient to counter the new challenges posed by cross-industry threats to intellectual property. We seek joint action now to address and vigorously enforce intellectual property rights across the board so as to prevent the erosion of the competitiveness of the transatlantic market.

Building on the Lighthouse Project on Intellectual Property Protection from the *Framework* and the excellent work of the US-EU IPR Working Group, we propose the following steps be undertaken jointly:

- Promote greater understanding of and respect for intellectual property as a driver of innovation and include this topic as a top priority in negotiations within international organizations, such as the World Intellectual Property Organization, World Health Organization and the UN Framework Convention on Climate Change.
- Promote information sharing among industry and government officials about escalating threats to intellectual property, with a view to identifying priorities to be addressed and developing a roadmap for action.
- Advance negotiations on a strong and effective plurilateral anti-counterfeiting trade agreement (ACTA) and ensure that respect for intellectual property remains a key element in trade negotiations and agreements.

## Secure Movement of People and Goods

**We call on the Summit Leaders to identify “the free movement of people” as a new Lighthouse Project under the *Framework* and commit to fast-track progress to facilitate the movement of business people and travelers across our borders, with due respect to security considerations.**

### Improving the Free Flow of People across our Borders

The people dimension to the transatlantic market place risks being overlooked. Our joint economic growth depends not only on secure movement of goods, but also on the fastest and freest movement of people possible, with due respect to security considerations. As intertwined as our economies are now, we cannot achieve the Barrier-Free Transatlantic Market without expanding and improving the flow of business people and travelers. Greater focus must be given to this issue and we are pleased to assist in any way.

The TABD recommends establishment of a US-EU business-government task force to investigate the merits of a Single Transatlantic Registered Traveler Framework. We urge a review and reform of US visa issuing policy so as to increase the number of H1-B and B-1 visas. We also call for a coordinated effort to review, consolidate and minimize the burden of conflicting US passenger data requirements.

### Improving Secure Trade in Goods

Goods also must move freely. We look forward to the completion and implementation of the roadmap for mutual recognition of AEO and C-T PAT by 2009.

We propose a study be undertaken to examine the technical and economic (including transatlantic economic) feasibility of implementation of 100% cargo screening legislation and encourage adoption of a risk-based system for cargo screening.

## Energy

**We call on the Summit Leaders to establish a new Lighthouse Priority Project on “energy”, with particular emphasis on transatlantic research, development and deployment, energy efficiency, and regulatory cooperation.**

With energy essential for economic growth and sustainable development, along with a manifest need to mitigate the effects of climate change, energy cannot be excluded from any serious effort to achieve transatlantic economic integration. More than this, the need to create compatible transatlantic “carbon constraint” systems is one that goes to the core of the competitiveness challenge facing both American and European business. We need to work together to create predictable, sustainable and profitable conditions for business, as both a supplier and a consumer of energy. As this work proceeds, we must ensure that no artificial barriers are created in the transatlantic marketplace as a consequence of divergent regulatory approaches. The transatlantic business community is an important bridge between the different points of emphasis provided over recent years to approaches to the energy challenge and we stand ready to provide whatever assistance we can in this effort.

## **Innovation and Technology**

Innovation in health-related industries was identified as a priority under this Lighthouse Priority Project in the *Framework*, but we believe much more can be done to foster transatlantic integration in this area. Innovation and technology are the best solutions to global energy and healthcare challenges.

Healthcare is a key infrastructure component of our economies, similar to transportation, energy or telecommunications. As with other infrastructure elements, competition in health-related industries should be encouraged, in particular among healthcare providers and payors, and consumers should have access to the information needed to make educated choices. By expanding transatlantic innovation in healthcare infrastructure, costs can be lowered and access broadened to a wider range of applications, treatments and services, all while meeting standards of care commensurate with social values and available technology.

The TABD applauds the European Commission's recent Lead Market Initiative, which proposes to unlock market potential for innovative goods and services by lifting obstacles hindering innovation in important markets, such as eHealth and renewable energy. In keeping with the spirit of the Lighthouse Project, we urge the Commission to widen the scope to include "healthcare" in general as a lead market. In addition, we recommend that the US and EU establish an expert panel, drawn from business, academia and government, to develop policies and regulatory practices to enhance transatlantic innovation in the healthcare-related sector. The TABD stands ready to assist with this initiative.

Nanotechnology is an additional issue of concern to TABD member companies. We strongly encourage the US and EU to develop a joint strategy for coordinated action on nanotechnology, as part of the Lighthouse Project on Innovation and Technology contained in the *Framework*.

## **Regulatory Cooperation**

To really make the Barrier-Free Transatlantic Market come to life and secure the gains that it will produce, there needs to be step change in the quality, depth and intensity of regulatory cooperation. The *Framework* brought to light the need for better alignment of regulatory approaches and set into motion an active process of dialogue. A year later, we can now point to many positive developments in regulatory cooperation, as exemplified by the technical work taking place in the various sectoral dialogues, and the spirit of cooperation between US and EU regulators.

As business leaders, however, we are looking for concrete results in regulatory cooperation. Where it really matters on questions of how to assess impacts and other issues that affect large numbers of sectors in the same way, progress is slow, and visibility on just what is happening is for the most part lacking. At a sector level, too, there are many opportunities to drive forward transatlantic integration through convergence of regulatory arrangements, for example in the area of passenger data requirements for air travel. We have to move faster to bring together our divergent regulatory approaches if we are going to maximize the potential of the Barrier-Free Transatlantic Market.



13<sup>th</sup> May 2008

### **Transatlantic Business Leaders welcome results of second TEC meeting in Brussels**

Speaking at the conclusion of the second Transatlantic Economic Council meeting held in Brussels, Belgium on May 13<sup>th</sup> 2008, the TransAtlantic Business Dialogue (TABD) Co-Chairs welcomed achievements made since the first TEC meeting held in Washington DC in November.

### **TEC focus on open investment is keeping US and EU markets open for business**

Martin Broughton, TABD Co-Chair said, "With today's "Statement on Open Investment" the two pre-eminent global economic powers are using TEC to send a strong message that protectionism should be resisted. US and EU markets will remain "open for business". This is especially important at a time when economic conditions appear to be weakening."

He continued, "We applaud the US and the EU for encouraging greater openness in the transatlantic market and now call on them to take steps to reduce bilateral investment barriers with test cases such as aviation sector ownership restrictions." TABD also welcomed the TEC's initiative to discuss joint approaches to third country investment barriers faced by both American and European businesses.

### **TEC is a success**

"We congratulate Vice President Verheugen, Mr Price and the teams for a successful day," said TABD Co-Chair James Quigley. He continued, "TEC is a new kind of political catalyst which pools political capacity to force resolution on some of the key subjects -- like accounting -- that have been in the pipeline for too long."

He noted the progress reported by the TEC in areas such as suppliers declarations of conformity, cosmetics, securities regulation, insurance, and regulatory co-operation across a range of sectors. These items are expected to form the basis of a report to be delivered to the US-EU Summit in June in Ljubljana, Slovenia.

TEC ensures an inclusive approach by involving stakeholders nominated to participate in an Advisory Council comprised of the TABD, the Transatlantic Consumers Dialogue (TACD) and the Transatlantic Legislators' Dialogue (TLD). On the occasion of this meeting, the TABD Co-Chairs extended invitations to the US Chamber of Commerce and BusinessEurope to join them in representing the views of transatlantic business. Additionally, in an effort to improve the TEC process, the TABD and the TACD agreed to prepare joint recommendations in such areas as improving transparency.

### **Delivering on the work plan is the best guarantee for continued relevance of the TEC**

The TABD Co-Chairs concluded that TEC must continue to deliver on the ambitious work plan that it has identified. "That's the surest way of guaranteeing its continuing relevance as we move into the autumn and political transition in the US and then in 2009 in Europe," said Juergen Thumann, TABD Co-Chair-designate. He concluded by remarking, "We expect to see strong political affirmation of the successful TEC mechanism as the administration changes in the US and as a new Commission is seated in Europe next year."

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## About the TransAtlantic Business Dialogue

The TransAtlantic Business Dialogue (TABD) is a group of chairmen and chief executives from American and European companies that serves as the official dialogue between transatlantic business and US Cabinet Secretaries and EU Commissioners.

Currently co-chaired by James Quigley, Chief Executive of Deloitte Touche Tohmatsu, and Martin Broughton, Chairman of British Airways, the TABD meets twice a year to discuss transatlantic business issues, share recommendations for action, and engage in a dialogue with the US Government and EU Commission on the future of the transatlantic economic relationship.

Since 2004, the TABD's overarching goal has been to establish a Barrier-Free Transatlantic Market with the freest possible exchange of goods and services, people, capital and ideas. This aim has been enthusiastically adopted by US and EU political leaders, who have accepted and in many instances have begun to implement, TABD recommendations toward this end.

At the conclusion of the 2007 US-EU Summit, President Bush, Chancellor Merkel and EU Commission President Barroso adopted a *Framework for Advancing Transatlantic Economic Integration* that embraces TABD's overarching goal of a Barrier-Free Transatlantic Market and establishes a multi-year program of cooperation on the priority issues identified by the TABD. Also in 2007, the TABD hosted two conferences, one on Innovation Healthcare that focused on the transatlantic challenges of fostering and deploying innovation in the healthcare sector, and one on Secure Trade that focused on ways to cut red tape and facilitate trade while maintaining safe and secure supply chains.

In an effort to strengthen the transatlantic marketplace, at the 2007 US-EU Summit, the Leaders created a new entity with political-level leadership, the Transatlantic Economic Council (TEC). The TEC is to guide the work to promote transatlantic economic integration in the issue areas noted above. The Summit Leaders, recognizing that success in this effort will also require a sustained commitment and engagement by the transatlantic business community, consumers, and legislators also created an Advisory Group to the TEC, composed of the TransAtlantic Business Dialogue (TABD), the Transatlantic Consumer Dialogue (TACD) and the Transatlantic Legislators' Dialogue (TLD).

The TABD is staffed by a professional Secretariat with offices in Washington and Brussels. For further information, please visit [www.tabd.com](http://www.tabd.com).

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## 2008 TABD Membership

<b>Co-Chair</b> Deloitte <i>James Quigley</i>	<b>Co-Chair</b> British Airways <i>Martin Broughton</i>
AIG <i>Nicholas C. Walsh</i>	Akzo Nobel <i>Hans Wijers</i>
Arch Chemical <i>Michael E. Campbell</i>	AstraZeneca <i>David Brennan</i>
CA, Inc. <i>John Swainson</i>	Aternation <i>Bernard Hagege</i>
Citigroup <i>Michael Klein</i>	BASF <i>Jürgen Hambrecht</i>
The Coca-Cola Company <i>E. Neville Isdell</i>	British American Tobacco <i>Paul Adams</i>
CrossMatch Technologies <i>James Ziglar</i>	BT <i>Michael Rake</i>
Ernst and Young <i>Beth Brooke</i>	Deutsche Bank <i>Josef Ackermann</i>
FedEx <i>Michael Ducker</i>	Ferrovial <i>Rafael del Pino</i>
GE <i>John Rice</i>	Heitkamp & Thumann AG <i>Jürgen Thumann</i>
KPMG International <i>Timothy Flynn</i>	Lafarge <i>Bruno Lafont</i>
Merck & Co., Inc. <i>Richard T. Clark</i>	Philips <i>Gerard Kleisterlee</i>
Microsoft <i>Steve Ballmer</i>	Siemens <i>Peter Loescher</i>
Pfizer <i>Jeffrey Kindler</i>	Stora Enso <i>Jouko Karvinen</i>
PricewaterhouseCoopers <i>Samuel A. DiPiazza Jr.</i>	Unilever <i>Michael Treschow</i>
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## **P6\_TA-PROV(2008)0256**

### **EU-United States Summit**

#### **European Parliament resolution of 5 June 2008 on the forthcoming EU-US Summit**

*The European Parliament,*

- having regard to its previous resolutions on transatlantic relations, in particular its two resolutions of 1 June 2006 on improving EU-US relations in the framework of a Transatlantic Partnership Agreement<sup>1</sup> and on EU-US transatlantic economic relations<sup>2</sup>, and its resolution of 25 April 2007 on transatlantic relations<sup>3</sup>,
- having regard to the Transatlantic Declaration on EU-US Relations of 1990 and the New Transatlantic Agenda (NTA) of 1995,
- having regard to the EU-US Declarations on Combating Terrorism of 26 June 2004 and on Enhancing Cooperation in the field of Non Proliferation and the Fight Against Terrorism of 20 June 2005,
- having regard to the forthcoming EU-US Summit on 10 June 2008 in Brdo and to the outcome of the EU-US Summit held on 30 April 2007 in Washington D.C.,
- having regard to the joint declarations by the 63rd Transatlantic Legislators' Dialogue of October 2007 and the 64th Transatlantic Legislators' Dialogue of May 2008,
- having regard to the Summit Declaration of the North Atlantic Council in Bucharest on 3 April 2008,
- having regard to its resolution of 8 May 2008 on the Transatlantic Economic Council<sup>4</sup>,
- having regard to the Paper from the High Representative and the European Commission to the European Council, entitled 'Climate Change and International Security' (14 March 2008),
- having regard to UN Security Council (UNSC) Resolutions 1803 (2008), 1696 (2006), 1737 (2006) and 1747 (2007) on the Iranian nuclear programme,
- having regard to the Presidency Conclusions of the European Council of 16 and 17 December 2004 and in particular to the sections entitled 'An international order based on effective multilateralism' and 'Working with partners',
- having regard to its resolutions on climate change, in particular those of 16 November

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<sup>1</sup> OJ C 298 E, 8.12.2006, p. 226.

<sup>2</sup> OJ C 298 E, 8.12.2006, p. 235.

<sup>3</sup> OJ C 74 E, 20.3.2008, p. 670.

<sup>4</sup> Texts adopted, P6\_TA(2008)0192.

2005<sup>1</sup>, 26 October 2006<sup>2</sup>, and 14 February 2007<sup>3</sup>,

- having regard to Rule 103(4) of its Rules of Procedure,
- A. whereas the EU-US partnership is a cornerstone of the external action of the Union and is founded on shared values such as freedom, democracy, human rights and the rule of law, and supports sustainable economies and sustainable development,
- B. whereas the European Union and the United States play key roles in the world's economy and politics, and share responsibility for promoting peace, democracy and stability in the world and for tackling global economic challenges, in particular crises in financial markets, trade and currency imbalances and debt crises in some of the poorest countries,
- C. whereas the effects of climate change, such as territorial conflicts over resources, rising food prices and migration, are issues of great concern to the peoples and the leaders of the EU; whereas, according to the International Energy Agency, global energy demand will rise by between 50% and 60% by 2030,
- D. whereas both the EU and the United States can and should play a leading international role in tackling climate change,
- E. whereas world demand for food is rising faster than supply, not least because of rising demand in emerging economies such as India and China for, in particular, meat and dairy products, and therefore also for feed; whereas, according to the Organization for Economic Cooperation and Development (OECD), current US subsidies for converting corn into ethanol have contributed to the global increase in food prices, which impacts most heavily on the world's poorest countries,
- F. whereas in most developing countries, most of the Millennium Development Goal (MDG) targets will not be met by the 2015 deadline,
- G. whereas there is consensus within the EU on reviving and strengthening the Non-Proliferation Treaty (NPT) in the period leading up to the forthcoming 2010 NPT Review Conference,
- H. whereas Israeli and Palestinian leaders agreed in Annapolis to engage in renewed negotiations with the aim of concluding an agreement before the end of 2008; whereas efforts to bring stability to the Middle East by promoting peace, democracy and respect for human rights require strong cooperation between the EU and the United States, including within the framework of the Middle East Quartet and with the League of Arab States,
- I. whereas close cooperation between the EU and the United States in Kosovo is crucial to the stability and development of the Western Balkans; whereas the United States has made a commitment in principle to participating in this key ESDP/Rule of Law mission in Kosovo (EULEX) with approximately 80 police officers, 2 judges and 4 to 6 prosecutors,
- J. whereas, in the fight against international terrorism, it is necessary to stress the importance

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<sup>1</sup> OJ C 280 E, 18.11.2006, p. 120.

<sup>2</sup> OJ C 313 E, 20.12.2006, p. 439.

<sup>3</sup> OJ C 287 E, 29.11.2007, p. 344.

of fully respecting international law and treaties regarding human rights and fundamental freedoms,

- K. whereas in a historic vote the UN General Assembly adopted on 18 December 2007 a resolution sponsored by a cross-regional alliance, including the EU, on a moratorium on the death penalty; whereas it is deeply concerned at the continued existence of the death penalty in many US states,
- L. whereas a cooperative transatlantic economic relationship is in the mutual interests of the EU and the United States, and whereas consistent political leadership is needed to strengthen the transatlantic market; whereas it supports the ongoing work of the Transatlantic Economic Council and hopes that it will become one of the cornerstones of EU-US relations,
- M. whereas it is necessary to advance freedom and democracy in the world and to address the challenges which they pose, such as international security, the eradication of poverty, promotion of development, the need for disarmament efforts worldwide, the protection of human rights, confronting global health risks, environmental issues and energy security, combating international terrorism and organised crime, and the non-proliferation of weapons of mass destruction; whereas, as the European Security Strategy makes clear, the Transatlantic Partnership and NATO are very important for collective security,
- N. whereas it is in the interests of both partners to confront in unison common threats and challenges on the basis of existing international treaties and the effective work of international institutions, and in particular on the basis of the UN system in accordance with the UN Charter,
- O. whereas during the last few years several agreements prompted by US requirements and adopted without any involvement of Parliament, notably the PNR (Passenger Name Record) agreement, the SWIFT memorandum and the existence of the US Automated Targeting System, have led to legal uncertainty with regard to the necessary transatlantic data protection guarantees in relation to the sharing and transfer of data between the EU and the US for the purposes of fighting terrorism,

### ***Transatlantic relations in general***

1. Looks forward, in the light of the forthcoming US presidential election, to working with the new US President, and hopes for a strengthened US commitment to multilateralism and to peace and democracy worldwide; believes that the partnership between the EU and the United States on sensitive issues such as the global challenges of poverty and climate change needs to be reinforced; is aware that on some subjects, such as the International Criminal Court (ICC), methods applied in the fight against terrorism and the Kyoto Protocol to the UN Framework Convention on Climate Change, transatlantic differences of approach still persist; hopes that the next President of the United States engages his Administration in solving these problems;
2. Urges the EU and the United States to work more closely together on a wide range of common policy challenges, notably in the Middle East, Iran, Iraq, Kosovo and the Western Balkans, Afghanistan and Africa, and to work together to establish an international environment conducive to improving the security and human rights situation in places such as Burma and Zimbabwe, maintaining a focus on these issues in all relevant fora, including

the UNSC; calls for a common approach to relations with other major geopolitical actors;

### *Climate change*

3. Strongly encourages both partners to agree on a joint approach to limit climate change to a maximum temperature increase of 2°C over pre-industrialised levels through fair contributions to efforts to reduce greenhouse-gas emissions by developed and developing countries, in accordance with their different responsibilities and respective capabilities, recognises the responsibility of developed countries to take the lead; welcomes the commitments by the principal US presidential candidates to addressing greenhouse-gas emissions and to reaching international agreement by 2009 to avert dangerous climate change;
4. Urges the United States to do its utmost to wrap up work on its domestic climate legislation by the December 2009 UN conference in Copenhagen; also invites the United States to persist in its efforts to establish a carbon trading system that in the future could be linked with the EU Emissions Trading Scheme (EU ETS), since both the environment and industry generally will be best served if the emerging carbon market mechanisms throughout the world are compatible and interoperable; welcomes, therefore, the provision in the EU ETS draft proposals to allow linking up to other mandatory cap-and-trade systems, including sub-national systems; in this context, is encouraged by the emergence of regional carbon trade systems within the United States;
5. Welcomes the above-mentioned report by the High Representative and the Commission on the security implications of climate change; urges the EU-US Summit to address this issue as a matter of priority, building on the successful Bali conference in December 2007; calls on the EU and the United States to work together to achieve an ambitious post-2012 agreement in 2009, including both mitigation and adaptation action at international level; also notes with interest the proposals under discussion in the US Congress on the creation of an International Clean Technology Fund, and encourages the Commission to open a dialogue with the US Administration on this issue;

### *Terrorism and human rights*

6. Is concerned that the very existence of the Guantánamo Bay detention centre and the practice of arbitrary arrests and extraordinary renditions continues to send out a negative signal as to how the fight against terrorism is being pursued; urges the Council to issue a clear and forceful declaration calling on the US Government to put an end to the practice of arbitrary arrests and extraordinary renditions and to request the US Government to try or release the remaining detainees and to resettle and compensate them in full compliance with international law and standards and to give clarifications regarding the existence of secret prisons outside US territory;
7. Regrets the US administration's decision to build a new detention complex in Afghanistan, as a stark acknowledgement that the US is likely to continue to hold prisoners overseas for years to come;
8. Reiterates its call on the Council and the Commission to finally implement the recommendations addressed to them by its Temporary Committee on Alleged use of European countries by the CIA for the transport and illegal detention of prisoners (TDIP);

9. Calls on the United States immediately to lift the visa regime and to treat all citizens of EU Member States equally, on the basis of full reciprocity; in this context, welcomes the start of EU-US talks on the new set of US security demands to establish a visa-free regime; is of the opinion that the negotiations must be transparent, be based on reciprocity and respect EU data protection provisions;
10. Welcomes the recognition by the United States of the European Community's competence to negotiate such an agreement and notes that matters falling within EU competence, such as security-related matters (including exchange of PNR data, extradition and legal mutual assistance), should be negotiated with the Council, and with Member States only insofar as they relate to their own nationals;
11. Underlines that sharing of data and information can be a valuable tool in the international fight against terrorism and related crime, but stresses that the sharing of personal data must take place within a proper legal framework with clear rules and conditions, ensuring adequate protection of the privacy and civil liberties of individual citizens and providing for mechanisms for obtaining redress where necessary, and that such data sharing should be based on a binding international agreement with the full involvement of Parliament and the US Congress; stresses that the necessary data exchange should be in accordance with the existing EU-US agreement on extradition and mutual legal assistance, should comply with EC and EU data protection legislation and should be accompanied by coordination between intelligence and law enforcement agencies, including, where appropriate, at operational level, and by judicial cooperation under the EU-US agreement on extradition and mutual legal assistance;
12. Stresses the importance of respecting fundamental rights and the rule of law in the fight against terrorism and organised crime, and urges the Commission to inform the Parliament of progress made in the negotiation of a Euro-Atlantic cooperation framework, particularly as regards the protection of personal data and private life; calls for the urgent elaboration of global data protection standards in the context of the Transatlantic Economic Council, so as to guarantee a high level of protection of personal data, and legal certainty for companies;
13. Calls on the EU and US governments to launch an initiative within the UN in order to reform the existing practice of sanctions lists, including the establishment of due procedures for a fair hearing, statement of reasons and effective judicial protection and remedy; stresses at the same time the necessity to improve the procedures relating to the EU's "black list";

### ***Nuclear proliferation, missile defence, arms control and NATO***

14. Reiterates its full support for the UNSC resolutions on Iran adopted under Article 41, Chapter VII, of the UN Charter, and calls on the EU and the United States to agree on a common strategy that would convince Teheran to abide by the UNSC resolutions;
15. Welcomes the close cooperation between the EU and the United States on the Iranian nuclear issue leading, on 3 March 2008, to the adoption by the UNSC of the abovementioned Resolution 1803 (2008), which imposes new sanctions on Iran; calls on the United States, following its diplomatic success in the negotiations with North Korea, to participate directly in negotiations with Iran along with the EU, since the United States is in

a position to offer additional security guarantees taking account of Iran's security concerns; stresses the importance of cooperation with the United States, Russia, China and non-aligned countries with a view to considering complementary ideas aimed at achieving a comprehensive agreement with Iran on its nuclear facilities and their use;

16. Welcomes the recent initiative by the UNSC member countries and Germany (the P5+1) to present a new package of incentives to Iran in an effort to convince it to halt its uranium enrichment programme; calls on the United States, in the interests of finding a solution, fully to endorse negotiations with Iran within the limits of the rules and obligations of the NPT;
17. Calls for a strengthening of the international system of treaties and regimes against the proliferation of weapons of mass destruction; stresses the need for closer cooperation between the EU and the United States in combating terrorism and the proliferation of weapons of mass destruction, in compliance with international law, and for both sides to support the role that the UN must play in these areas; urges the Council to discuss with its US counterparts how to make a positive approach to future NPT Preparatory Committees (NPT PrepComs), as a first opportunity to strengthen the global non-nuclear proliferation regime in the run-up to the NPT Review Conference in 2010; underlines the need to discuss at the summit a number of nuclear disarmament initiatives based on the '13 practical steps' agreed to unanimously in the 2000 NPT Review Conference; hopes that at this summit the US Administration will be willing to adopt a common strategy with the EU aimed at making progress on disarmament in terms of both weapons of mass destruction and conventional weaponry; calls on the EU and the United States to avoid the potential vacuum in the period 2009-2010, when the major agreements on disarmament will be due to be renewed; hopes that the very important agreements reached in 1999, 2000 and 2001 with Russia will be maintained; calls on the United States to ratify the Comprehensive Test Ban Treaty (CTBT) as a meaningful step towards reducing the operational relevance of nuclear weapons;
18. Calls on the EU Member States and the US to work together on fresh ideas for launching a redefined and stronger EU-NATO partnership, going beyond Berlin-Plus, given the need for greater cooperation in Afghanistan; takes the view that the efforts to adjust and refine the European Security Strategy should be linked to the early phase of discussions on a new NATO Strategic Concept; underlines the importance of NATO, which remains the essential forum for security consultations between Europe and the United States, as well as the importance of the EU's common foreign and security policy in strengthening the EU's ability to confront existing and emerging 21st-century security threats; welcomes the US recognition at the Bucharest Summit that building a strong NATO alliance requires strong European defence effectiveness; recommends developing the existing relationship between NATO and the EU regarding security matters, while respecting the independent nature of both organisations;
19. Is of the view that the US plan to establish an anti-missile system in Europe at this time may hamper international disarmament efforts; expresses concern over Russia's decision to suspend the observance of its obligations under the Treaty on Conventional Armed Forces in Europe; stresses that both issues affect the security of the peoples of Europe and should therefore not be the subject of purely bilateral discussions between the US and individual European countries; notes, in this respect, the Bucharest Summit Declaration issued at the last meeting of the North Atlantic Council of 3 April 2008, calling for a comprehensive

missile defence architecture that would extend coverage to all allied territory; calls on the Council and the Member States to establish a framework designed to include all EU Member States and NATO in the debate on the matter;

20. Looks forward to a reassessment of the security dimension of EU-US relations in the light of the outcome of the NATO Strategic Review, the update of the European Security Strategy and the arrival in office of a new US Administration;

### ***Development cooperation and food prices***

21. Calls for increased emergency aid to address the immediate threat to the world's poorest people posed by higher food prices; recognises, however, that money is not enough and therefore calls on the Council, the Commission and the US Congress and Administration to address structural problems such as under-investment in agriculture; calls for a coordinated global approach by the EU, the United States and multilateral organisations, which should include fairer trade rules and increased investment in agriculture in developing countries, focused on small-scale producers and women; calls on the donors to provide support and help fund safety-nets for the most vulnerable people; calls on the leaders of the EU and the United States actively to support and participate in the High-Level Task Force on the Global Food Crisis, established under the leadership of UN Secretary-General Ban Ki-moon;
22. Welcomes the initiative of the US Administration to untie food aid, and sees this initiative as a first important step in reforming the entire food aid programme to take full account of the need proactively to support enhanced regional and local food security, which in the past was often undermined by tied US food aid;
23. Calls on the Commission to raise the issue of the need to dedicate a major part of the EU-US development aid budget to agricultural research and training and exchange of best practice for farmers, in order to further develop efficient, sustainable crop systems, such as crop rotation and mixed cultivation of crops, and participatory, locally adapted, non-GMO (genetically modified organism) plant and animal breeding in order to create stability in local food supply and sound farming systems with low energy input in the long term;
24. Regrets the decision of the US government to decrease its financial support for the UN Population Fund (UNFPA); points to the UNFPA's instrumental role in achieving a voluntary decline of fertility rates in less developed countries; believes that access to contraceptives and reproductive services, the empowerment of girls and women, and the promotion of maternal and child health are crucial strategies for slowing population growth and maintaining resource sustainability; urges, therefore, the US government to increase its funding for the UNFPA;
25. Calls on the EU and the United States to make the MDGs the heart of international development policy; urges the Council, the Commission, the Member States and the United States to scale up their assistance to developing countries in order to maintain the credibility of their commitments to increase aid; recognises the increased commitment of the United States to development aid in general and to Africa in particular; urges the US President to use his last year in office to aim for ambitious outcomes for the G8 meeting in Japan in July 2008 and the UN MDGs summit in New York in September 2008; calls on the EU to keep the MDGs and annual timetables for achieving 0.7% in ODA as a key point



on the agenda for the European Council on 19-20 June 2008;

### *International relations*

26. Underlines that the resolution of the Israeli-Palestinian conflict is crucial to securing peace and stability in the Middle East; reminds the parties of the commitments which they made in Annapolis to holding negotiations in good faith with a view to concluding a peace treaty by the end of 2008, resolving all outstanding issues; stresses again the importance of the Arab Peace Initiative and urges the EU and the United States to ensure the constructive involvement of Arab partners; reiterates its call on Israel to freeze all settlement activities, including natural growth, and to dismantle outposts erected since March 2001; reiterates its deep concern at the humanitarian and political crisis in the Gaza Strip and its further possible grave consequences; calls for an immediate end to the firing of rockets by Palestinian militias from the Gaza Strip into Israeli territory; fully supports the efforts by Egypt to bring about a cessation of violence and a solution that will allow for the reopening of all crossings;
27. Welcomes the announcement that Syria and Israel are engaged in indirect peace negotiations under the auspices of Turkey;
28. Welcomes the election of Michel Suleiman as President of Lebanon; stresses the importance of Lebanon's stability, sovereignty, independence and territorial integrity; urges the parties to fully implement the agreement reached in Doha and calls on the EU and the US to support all the efforts in this respect;
29. Underlines that Euro-Atlantic and wider international security is closely tied to Afghanistan's future as a peaceful, democratic state that is respectful of human rights and free from the threat of terrorism; welcomes, therefore, NATO's firm and long-term commitment to Afghanistan as underlined in ISAF's (International Security Assistance Force) 'New Strategic Vision', as well as the comprehensive approach by the international community, bringing together civilian and military efforts, including the EU Police Mission (EUPOL) which is part of the overall EU commitment to Afghanistan and of a coordinated EU approach that includes local political guidance provided by the EU Special Representative and a reconstruction effort managed inter alia through the Commission; calls on the EU and the United States to take urgent steps to increase, improve and better coordinate their development assistance to Afghanistan, inter alia by channelling as many funds as possible to Afghan institutions and experienced non-governmental organisations;
30. Calls on the Council to engage in a dialogue with the United States about Iraq, sharing the EU's views about its strategic role in the country, and to continue supporting the enhanced multilateralisation of the role played by the international community in Iraq by making full use of the expanded role of the UN in accordance with UNSC Resolution 1770 (2007);
31. Underlines the ongoing common commitment to regional security and stability throughout the Balkans; praises the prompt, impartial and effective performance by the NATO's International Security Force in Kosovo (KFOR) in the face of the recent outbreak of violence in Kosovo, and stresses the need for KFOR to remain in Kosovo on the basis of UNSC Resolution 1244 (1999) in order to ensure a safe and secure environment, including freedom of movement for all people and all international presences in Kosovo; underlines in this context that the EU is playing an important role in Kosovo, welcomes the launching

of EULEX in Kosovo and insists that EULEX be present on the entire territory of Kosovo;

32. Believes that the EU and the United States must urgently deal with short-term challenges of security and longer-term challenges of Kosovo's development with a view to achieving a common objective: a functional state, a multi-ethnic society with strong, functioning institutions and respect for the rule of law; welcomes the fact that for the first time the EULEX Mission to Kosovo will include US police officers; notes that the US Administration will second a number of State Department staff and contractors to the operation in Kosovo and will cover 25 percent of the operating costs of the International Civilian Office (ICO), with the remainder coming from contributions from the European Commission, and from other states;
  33. Calls for concerted action vis-à-vis China with regard, in particular, to the urgency of finding ways to promote democracy in that country, defuse tension in cross-straits relations and facilitate the dialogue between the Beijing authorities and the Dalai Lama in order to make concrete progress on the question of Tibet;
  34. Calls on the Council to raise once again with the United States the question of the ICC as a fundamental pillar of international law; expects from the future US Government a more constructive attitude to ratifying the Statutes of the ICC and to engaging actively in the achievement of an agreement on the still outstanding definition of the crime of aggression, as provided for in Article 5.2 of the Rome Statute, in preparation for the ICC review conference in 2009;
  35. Renews its condemnation of the death penalty; calls on the US Government and all US states to abolish it; regrets the recent ruling by the US Supreme Court to uphold lethal injection, opening the way to resumed executions;
  36. Recommends that steps be taken to strengthen transatlantic relations with the United States through a new Transatlantic Partnership Agreement replacing the currently existing NTA; suggests in this regard the establishment of a regular review mechanism for such a Transatlantic Partnership Agreement, whereby experts from the EU and the United States strive constantly to improve the Transatlantic Partnership so as to exploit its full potential; underlines that only the wider involvement at all levels of the US Congress, the Parliament and national parliaments will make it possible truly to enhance the whole process and that the existing interparliamentary exchange should be gradually transformed into a de facto Transatlantic Assembly;
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37. Instructs its President to forward this resolution to the Council, the Commission, the governments and parliaments of the Member States and the President and Congress of the United States of America.

**Transatlantic Legislators' Dialogue**  
**64th Meeting of Delegations**  
**From the European Parliament and the United States**  
**Ljubljana, 24-26 May 2008**

**Joint Statement**

We, Members of the European Parliament and the United States House of Representatives, held our 64th Interparliamentary meeting (Transatlantic Legislators' Dialogue) in Ljubljana, Slovenia, on 24-26 May 2008.

Building on the joint statement issued following our last meeting in Las Vegas, Nevada, on 5-8 October 2007, we stressed the importance of regular dialogue on a range of political, social and economic issues that affect all of our citizens. We agreed to report back to our parent bodies on the content and outcome of our discussions, particularly in the areas where joint efforts are likely to result in positive outcomes. We agreed that legislators on both sides of the Atlantic should increase dialogue and consultation amongst themselves in order to prevent possible conflicts of legislation. Direct and timely contacts between specialist committees from Congress and the European Parliament - such as those that have occurred within the TLD framework - have been valuable means of reinforcing cooperation; this exchange of information should be continued and enhanced.

We examined a wide array of foreign policy issues, agreeing that joint action by the European Union and the United States is the most effective way to approach problems that affect both sides of the Atlantic. We took stock of recent developments with regard to the Middle East Peace Process, the nuclear threat posed by Iran and the situation in Iraq. On Afghanistan, we recognized the need for a joint long-term strategy aimed at stabilizing the internal situation and reducing risks for regional security. We noted a proposal to develop a joint fund for humanitarian services and infrastructure development in Afghanistan. We discussed the future political and economic development of Kosovo, and recognized that joint efforts were essential in order to ensure a peaceful and prosperous future for the Western Balkans, including an EU perspective. We analyzed developments in Russia's domestic and foreign policies, including the US Administration's proposed missile defense plans as well as European efforts to diversify their energy supply and ensure their energy security. We also assessed our economic and political relationship with China, expressing concern over recent events in Tibet.

The dialogue focused on the ongoing discussions between the US and the EU in order to extend access to the US Visa Waiver programme in the future to all EU Member States, as well as to the importance of ensuring safe trade and port security.

We also discussed the current global financial crisis. We agreed on the need for continued discussion and joint actions to address the effects of climate change.

With regard to the Transatlantic Economic Council (TEC), we noted with satisfaction the engagement of the TLD on 13 May 2008 with TEC Co-Chairs Günther Verheugen and Dan Price in the framework of the « Advisory group ». The European Parliament Resolution on the TEC and the letter by the US TLD leadership to the TEC formed the basis for this dialogue. We took note of the EU-US High Level Regulatory Forum, the joint reports on strengthening cooperation regarding the safety of imported products, and the impact assessment guidelines. We advocated stronger involvement of legislators in contributing to and overseeing these initiatives. We supported the identification of compatible biofuels standards in order to achieve international harmonization at the level of international standards organizations. We also welcomed the joint statement on open investment, as well as the start of the second phase of negotiations for the air services agreement.

We welcome the fact that the TEC has become a permanent feature of EU/US relations. We also welcome the decision taken on 13 May 2008 to develop a short term agenda and long term roadmap for TEC activities, and consider that this represents an important step towards ensuring the continuity of the process. As we have done throughout the establishment and initial meetings of the TEC, we continue to assert that the TEC initiative should be characterized by transparency and consultation of stakeholders and we call on the EU and US Administrations to reinforce the flow of information to the TLD in advance of TEC meetings. Awareness of the transatlantic impact of proposed legislation and regulations should be developed in the relevant legislative and regulatory bodies, as well as information about the benefits of rapid advancements towards a barrier-free regulatory environment.

Several items have been identified within the TEC agenda that require further legislative consideration:

- While achieving reciprocity and mutual recognition of security standards remains critically important, we call on the US Congress to review their legislation requiring 100 percent cargo scanning in recognition of European concerns regarding this legislation
- We call on the European Parliament to facilitate an early solution to the ongoing discussions on the ban on imports into the EU of US poultry which has undergone pathogen reduction treatment
- In regards to the EU's regulation on the registration of chemicals (REACH), we call on the European Commission to bring forward legislation ensuring that European and US producers of cosmetics are treated equitably in their requirement to register substances used in their products with the EU's chemical agency.

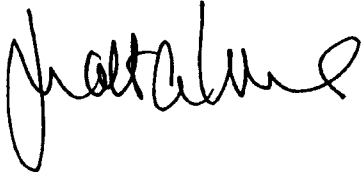
Finally, we welcome progress on items contained in the 'lighthouse projects' and related initiatives included in the 2007 Summit declaration. In particular, we call for:

- Steps towards allowing the use in the United States of suppliers' declarations of conformity for electrical, electronic and ICT products;

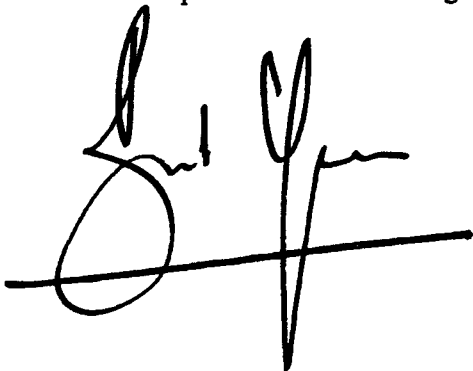
- Further progress towards the mutual recognition of US GAAP and EU IFRS accounting standards;
- Discussion of US and EU regulatory issues in the insurance sector, in order to enhance market access for brokers-dealers, exchanges and other trading systems; and
- Progress in other areas of regulatory cooperation, including pharmaceuticals, cosmetics and animal testing.

In conclusion, both sides renewed their commitment to make the TLD's work more relevant to the European Parliament and to the United States House of Representatives. We agreed to identify ways by which to reinforce the involvement of the TLD and our legislatures in the preparation of the EU/US Summit. We also agreed to further improve the effectiveness of our dialogue in order to realize the full potential of our interparliamentary relationship.

Jonathan Evans, MEP  
Chairman  
European Parliament Delegation



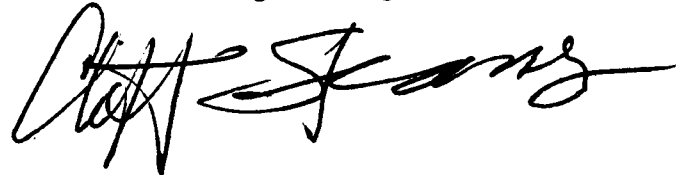
Benoît Hamon, MEP  
Vice Chairman  
European Parliament Delegation



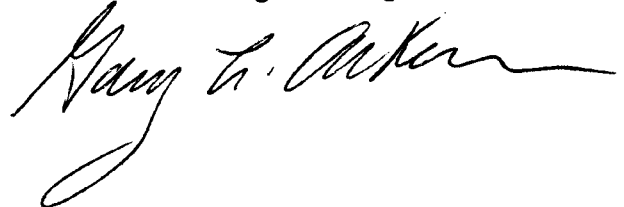
Shelley Berkley  
Chairwoman  
United States Congress Delegation



Cliff Stearns  
Vice Chairman (Ranking Republican)  
United States Congress Delegation



Gary Ackerman  
Vice Chairman  
United States Congress Delegation



## Transatlantic Economic Council



European Parliament resolution of 8 May 2008 on the Transatlantic Economic Council

P6\_TA-PROV(2008)0192

B6-0209 , 0210 , 0211 , 0212 and 0214/2008

*The European Parliament*,

- having regard in particular to its resolution of 25 April 2007 on transatlantic relations<sup>(1)</sup> and its resolutions of 1 June 2006 on improving EU-US relations in the framework of a Transatlantic Partnership Agreement<sup>(2)</sup> and on EU-US transatlantic economic relations<sup>(3)</sup>,
- having regard to its resolution of 26 September 2007 on the safety of products and particularly toys<sup>(4)</sup>,
- having regard to its resolutions on climate change, in particular those of 16 November 2005<sup>(5)</sup>, 26 October 2006<sup>(6)</sup> and 14 February 2007<sup>(7)</sup>,
- having regard to the outcome of the EU-US Summit held on 30 April 2007 in Washington DC, and in particular to its Framework for Advancing Transatlantic Economic Integration between the European Union and the United States of America,
- having regard to the Joint Statement and progress report adopted at the first Transatlantic Economic Council (TEC) meeting on 9 November 2007,
- having regard to Rule 103(4) of its Rules of Procedure,

A. whereas Parliament and the United States (US) Congress have both continuously advocated completing the transatlantic market by 2015,

B. whereas peace, democracy, human rights, the rule of law, international law, sustainable economies and sustainable development are shared common values which constitute the basis for the Transatlantic Partnership, which is a cornerstone of the EU's external policy and its global economic policy,

C. whereas, given their dominant economic role in the world, the transatlantic partners share responsibility for the state of global economic governance and for finding solutions to global economic challenges,

D. whereas a strong and well-functioning partnership between the EU and the US is vital for shaping global development on the basis of common values, effective multilateralism and international law; whereas strong and consistent political leadership is required to enable the partners to reach this goal,

1. Underlines that a close transatlantic partnership is a vital instrument for shaping globalisation in the interests of common values and an equitable political and economic global order; reiterates its view that a functioning and competitive transatlantic market is the base on which to firmly anchor the transatlantic partnership so as to enable the EU and the US to jointly tackle global political and economic challenges;

2. Strongly supports the process of strengthening transatlantic economic integration started at the 2007 summit with the adoption of the Framework for Advancing Transatlantic Economic Integration between the EU and the US and the establishment of the TEC, which is to oversee and accelerate the efforts outlined in the Framework;

3. Welcomes the fact that the Commission, on the recommendation of Parliament, has decided to have a study carried out, the results of which are due in 2008, on which obstacles need to be dismantled to complete the transatlantic market; believes that this study should be widely circulated on both sides of the Atlantic; calls on the Commission to ensure that the outcome of studies on the realisation of the transatlantic market is discussed with the relevant parliamentary committees before any specific conclusions are drawn for future recommendations to the TEC;

4. Believes that a roadmap should be drawn up by both administrations in time for the 2009 EU-US Summit showing how the long-term commitment to the transatlantic market can be achieved, establishing a specific time frame for sectors;

5. Appreciates the progress achieved by the TEC so far in assuming political responsibility for identifying priorities

and paving the way for agreements on removing barriers to trade and investment and on enhancing competition in the transatlantic market;

6. Takes the view that the results achieved by the TEC since its establishment demonstrate that the transatlantic market cannot be built on administrative work only, but that in order to attain this goal, strong and continuous political guidance is needed; encourages the TEC to continue its efforts with resolve;

7. Stresses the urgent need to sustain the momentum of the process throughout the electoral years of 2008 and 2009, ensuring that both partners continue to move rapidly towards the achievement of common objectives and that the executive on both sides remain committed to reaching the final goal;

8. Underlines that achieving concrete progress in the fields in particular of accounting standards, securities trading, reinsurance, import safety, suppliers' declarations of conformity and imports of poultry which has undergone pathogen reduction treatment constitutes the priority for the meeting of the TEC due to be held in Brussels on 14 May 2008; considers it important, however, to point to several other relevant issues which need to be dealt with by the TEC in future;

9. Calls on the Commission to inform it of the results of the above-mentioned study;

#### **Financial Services**

10. Supports the approach outlined in Regulation (EC) No 1569/2007<sup>(8)</sup> and the letter of 26 September 2007 from the Commission to the US Securities and Exchange Commission (SEC) on Proposed Rules on acceptance from foreign private issuers of financial statements prepared in accordance with international financial reporting standards without reconciliation to US GAAP, as well as its resolution of 14 November 2007 on application of the international accounting standards<sup>(9)</sup>, which emphasised in particular that "[a] decision by the Commission will imply, in all cases, the right for EU issuers to use in any third country, IFRS [International Financial Reporting Standards] as endorsed by the European Union";

11. Believes that mutual recognition of securities markets between the US and the EU would be an important step forward and would improve the efficiency of the transatlantic market by facilitating the access of the EU and the US to a broader and deeper market; underlines, however, that such a project must be a result of a bilateral agreement, that a framework agreement between the US and the EU which takes full account of EU legislation on supervision of financial markets should be concluded, and that the Commission should discourage the conclusion of bilateral agreements between the Member States and the US, as this could endanger the level playing field in the EU;

12. Stresses that safeguarding financial stability is of the utmost importance; recalls the role of the International Monetary Fund (IMF) in this respect; stresses the shortcomings highlighted by the current financial turmoil, in particular in relation to the ongoing crises in key financial markets, growing imbalances in currency alignments and trade relations, the ongoing or reappearing debt crisis in some of the poorest countries, and increasing wealth gaps between and within countries; believes that enhancing cooperation between supervisory authorities in the US and the EU is vital;

13. Welcomes the approach of the Financial Stability Forum (FSF) and of the IMF in establishing a common diagnosis of the financial turmoil, and looks forward to the implementation by both parties of the conclusions and policy recommendations from the FSF Working Group on Market and Institutional Resilience; is of the view however that such work should only be complementary to, and should not replace, reflections and appropriate policy responses in the EU and the US;

14. Calls on the US to keep the EU informed about the progress of the implementation of the Basel II framework; recalls the importance of a coordinated approach when developing or modifying global rules for internationally active financial market players; in this respect believes that implementation of Basel II in the US is vital for the preservation of a global level playing field;

15. Welcomes the work of the US Congress on introducing legislation to create a Federal Office of Insurance Information within the US Treasury; believes that, alongside the US Treasury 'Blue Print', this is an important step towards mutual recognition of regulatory approaches to financial services; recognises that much has still to be agreed and that reinsurance collateral is still a key issue to be resolved; believes that the achievement of the aims of Solvency II will be significantly enhanced by closer parliamentary cooperation;

#### **EU-US trade and regulatory cooperation**

16. Underlines that, in pursuing the goal of creating uniform standards for trade and investment, as discussed at the meeting of the TEC of November 2007 with regard to a roadmap for achieving mutual recognition by 2009 of

EU-US trade partnership agreements, a high level of social, environmental and health standards must be guaranteed;

17. Reiterates that a variety of so-called non-tariff barriers to trade and investment is rooted in activities of legislative bodies aimed at achieving social, health-related, cultural or environmental objectives, and hence must not be removed without a legislative act; in this respect, points out the crucial role of Parliament and the US Congress in controlling the process of standard alignment and the removal of barriers to trade and investment;

18. Stresses that the safety of imported products should also be a priority within the TEC; takes the view that people will only have confidence in an open trading environment if their health and safety is protected; calls on the US Consumer Product Safety Commission to make use of its greater freedom to share case-specific information, but proposes that the TEC work on a binding cooperation instrument which would structure and facilitate the sharing of information on product safety and the development of a common programme of cooperative actions; calls on the Commission and the Council to strengthen cooperation between EU and US customs and market surveillance authorities, in order to ensure that controls at external borders are able to prevent dangerous products, in particular dangerous toys, from reaching consumers, but without unnecessary bureaucratic burdens; calls on the Member States and the US to ensure strict enforcement of product, and particularly toy, safety laws and to ensure stronger national inspections; underlines the need for close EU-US cooperation to ensure that China and other third countries raise their production standards to meet EU/US safety requirements, in particular in relation to toys, and to convince these countries that product safety must be integrated in the production and distribution process;

19. Calls for more information concerning the updated US Consumer Product Safety Act, and is concerned that this new instrument will impose unnecessary regulatory burdens on European companies by introducing mandatory safety requirements, including third-party testing; urges that discussions proceed on mutual recognition so as to avoid duplication;

20. Notes that secure trade is particularly important in an ever more closely integrated global economy, but believes that the proposal to inspect 100% of shipping containers coming from overseas as a measure to avert terrorist threats is unnecessary and unrealistic; consequently calls upon Congress to withdraw this proposal, as it is convinced that the 'Container Security Initiative', which entails inspection of 'high-risk' sea containers, is a sufficient measure to guarantee the security of international maritime transport;

21. Calls on the Commission to negotiate within the framework of the TEC, where feasible, common global standards; believes that the enforcement of common automobile safety standards (United Nations Economic Commission for Europe (UNECE) Global Technical Regulation) would considerably reduce costs for the automobile industry, which is a major employer in both the EU and the US;

22. Calls on the Commission to pursue the formal adoption of procedures for the mutual recognition of declarations of conformity for products subject to mandatory third-party testing, in particular for Information and Communications Technology (ICT) and electrical equipment;

23. Continues to support the Commission in its efforts to arrive at a mutual agreement for the labelling of imported products with both imperial and metric measurements, and insists on the need for acceptance of units of measurement agreed under international standards, in particular acceptance by the US of products labelled only metrically; is of the opinion that this would increase economies of scale for European, US and third-country companies and would, in particular, be of benefit to small and medium-sized enterprises (SMEs);

24. Calls on the Commission and the Council to strengthen cooperation between the EU and the US on the Globally Harmonised System of Classification and Labelling of Chemicals (GHS), particularly in relation to the implementation of the international criteria agreed by the United Nations Economic and Social Council; considers that an important aim of the System is the facilitation of trade and the strengthening of consumer protection, and accordingly insists that the GHS be implemented at the same time and in a compatible way in the EU and the US;

25. Points out that personal data have become an essential ingredient of many business activities, particularly electronic telecommunications; notes that the economic value of personal data and value-added operations based on them is growing rapidly; calls on the Commission to take the initiative, in close cooperation with Parliament, to elaborate transatlantic data protection principles together with the US Federal Trade Commission; furthermore, calls for the urgent elaboration of global data protection standards in the context of the TEC, so as to guarantee a high level of protection of personal data, and legal certainty for companies;

#### ***Agricultural issues***

26. Calls for an urgent solution to the ongoing discussions on the ban on imports into the EU of US poultry which has undergone pathogen reduction treatment; acknowledges the need for proper scientific advice with respect to consumer protection and information; acknowledges also the considerable investments made by the European



poultry sector, in accordance with European legislation, to reduce salmonella contamination through a whole chain approach; is of the opinion that any possible solution should not lead to distortion of competition;

27. Believes that the Community's decision to prohibit the import of hormone-treated beef was fully justified on the basis of scientific evidence, and calls on the US to lift its sanctions on European goods without further delay;

28. Emphasises the importance of the single authorisation procedure for all food and feed containing genetically modified organisms (GMOs) in accordance with the precautionary principle, as well as the importance of the labelling and traceability of GMOs, which enables consumers to make informed choices;

29. Calls for dialogue on the recent changes in agricultural markets, in particular concerning fluctuations in commodity prices, the mid-term review of the Common Agricultural Policy (EU Health Check), the US Farm Bill, anti-cyclical payments, the growing importance of rural development and the cross-compliance instrument;

#### ***Cooperation regarding energy, industry and science***

30. Calls for strategic transatlantic cooperation regarding energy, industry and science policies to be increased; stresses the importance of the energy issue and supports the diversification of energy sources and supply routes so as to ensure secure energy supply and infrastructure and to promote market-based energy security policies; notes the increasing debate on both sides of the Atlantic concerning carbon trading systems;

31. Underlines the need for enhanced EU-US regulatory and scientific cooperation on biofuels and biomass, promoting alternative and sustainable fuel sources for the transportation sector on a joint basis; encourages the TEC to continue its work to identify common biofuel standards with Brazil which ensure maximum environmental sustainability and cater for global food security concerns;

#### ***The World Trade Organization (WTO) and the Doha Development Agenda***

32. Calls on the Commission to ensure that the TEC is helpful in achieving a positive conclusion of the Doha Development Agenda; regards the dominance of the EU and US in world trade (currently 60% of the total) as a potential asset for the global trading system and its common framework;

33. Calls on the Commission to evaluate whether a bilateral trade dispute settlement procedure could become a topic of interest for the TEC; notes, in this regard, that while trade disputes have involved only around 2% of trade between the EU and US, some are highly disruptive and costly;

34. Calls on the Commission to discuss within the TEC how greater coherence between bilateral trade agreements and the WTO multilateral rules can be found, so as to guarantee a more harmonious and simpler international trading system for all; urges the Commission to discuss how the EU and the US can converge more in signing bilateral agreements with third countries on measures imposing conditions on trade, such as trade and environmental provisions, trade and social standards and trade and labour laws;

35. Calls on the Commission to develop as a matter of urgency a comprehensive approach to European non-trade concerns in world trade talks, in particular on the issues of social and environmental clauses, recognition and protection of geographical indications, animal welfare and the state of health of imported animal and plant products, so as to prevent unfair competition against European producers;

36. Calls on the Commission to request that the TEC issue a progress report on intellectual property rights (IPR) enforcement cooperation activities, including an announcement of future steps to be taken to strengthen cooperation in combating counterfeiting and piracy; requests a clear roadmap for the facilitation of international mutual recognition of patent law;

37. Calls on the TEC to actively support the Doha declaration on the TRIPS Agreement facilitating access to life-saving medicines for those countries which have no production capacity for pharmaceutical products; calls on the Commission to raise the issue of the US policy of including in bilateral agreements negotiated with developing countries clauses under which those countries renounce the use of the provision of the Doha declaration on the TRIPS Agreement which allows them to produce and import generic drugs that are needed to tackle major public health problems (AIDS, tuberculosis, etc);

38. Considers that, whatever the outcome of the Doha Development Agenda, the concept of the Transatlantic Market to deal with regulatory cooperation for the gradual removal of non-tariff barriers could be vital to ensure continued momentum for generating global trade integration;

39. Regards it as an important task for the European side in the TEC to convince the EU's transatlantic partners of

the need for a far-reaching, ambitious and legally binding post-Kyoto regime on greenhouse gas emissions by 2012, and to design a grand transatlantic project for investment and technology exchange in the field of safe and non-polluting energy production;

### **Regional development**

40. Stresses the positive impact that further progress in transatlantic economic integration is likely to have on sustainable regional development, and is of the opinion that such progress contributes to the EU's efforts to implement the Lisbon Strategy and to move towards social, economic and territorial cohesion; in this context, calls on the EU bodies responsible to ensure that this progress contributes to the harmonious and balanced development of all EU territories and to take account of the European principle of universal access to services of general interest;

41. Calls on both parties to investigate the possibility of entering into a structured regional policy dialogue, which would provide a good way of exploring new paths in regional policy, of exchanging good practices, inter alia in the areas of research and development, and of looking at ways to tackle common challenges, such as climate change and energy prices;

### **Future Transatlantic Legislators' Dialogue (TLD) agenda and structural improvement**

42. Calls on the TLD to include in the agendas for its upcoming meetings discussion of the US cargo scanning law, ensuring greater mutual understanding between Parliament and the US Congress on this subject; also stresses the need to reflect within the TLD on a WTO post-Doha agenda, including WTO reform, and to discuss human rights and environmental and social rights clauses in bilateral trade agreements, drawing lessons inter alia from the most recent US bilateral agreement with Peru, which contains detailed and enforceable provisions on labour standards;

43. Points to the crucial role of Parliament and the US Congress in supporting this momentum, and to the fact that any non-tariff barriers can only be removed by legislators; proposes to hold a well-prepared annual debate on the progress made on issues discussed within the TEC, as well as its structure;

44. Calls, therefore, upon the leadership of the EU and the US and the co-chairs of the TEC to take account of the crucial role of legislators for the long-term success of the process, and urges them to involve the representatives of the TLD fully and directly in the work of the TEC; acknowledges at the same time the importance of business and consumer stakeholders in providing reflection on, and expert input into, the work of the TEC; is however of the view that their consultative role is to be differentiated from the legislative role of the US Congress and Parliament;

45. Notes the establishment of a Group of Advisers, consisting of representatives of the TLD, Transatlantic Business Dialogue and Transatlantic Consumer Dialogue; commends the contribution of legislators and stakeholders to the success of the first TEC meeting in November 2007; hopes that the Transatlantic Labour Dialogue (TALD) and the Transatlantic Environment Dialogue (TAED) will play a greater role in the near future; calls for the chairs of the TALD and the TAED to be included in the Group of Advisers;

46. Reiterates its desire to strengthen dialogue between both parliaments, and calls for their early involvement in particular as regards any future rules developed by global self-regulatory bodies in order to address, at an early stage, political accountability issues;

47. Believes that these are now issues of a substantive nature and that national parliamentarians should be kept informed on a regular basis of developments in relation thereto; calls on its President to ensure that a mechanism is established to this end;

48. Instructs its President to forward this resolution to the Council, the Commission, the governments and parliaments of the Member States, the secretariat of the Transatlantic Economic Council and the US Congress.

(1) OJ C 74 E, 20.3.2008, p. 670.

(2) OJ C 298 E, 8.12.2006, p. 226.

(3) OJ C 298 E, 8.12.2006, p. 235.

(4) Texts adopted, **P6\_TA(2007)0412**.

(5) OJ C 280 E, 18.11.2006, p. 120.

(6) OJ C 313 E, 20.12.2006, p. 439.

(7) OJ C 287 E, 29.11.2007, p. 344.

(8) Commission Regulation (EC) No 1569/2007 of 21 December 2007 establishing a mechanism for the determination of equivalence of accounting standards applied by third country issuers of securities pursuant to Directives 2003/71/EC and 2004/109/EC of the European Parliament and of the Council (OJ L 340, 22.12.2007, p. 66).

(9) Texts adopted, **P6\_TA(2007)0527**.

## **Minister Rupel presents the EU-US Summit in the European Parliament**



"Although relations between the European Union and the US are essentially bilateral in nature, the results of their work together have global effects. The Transatlantic Partnership has gone far beyond its economic dimensions. The EU and the US have cooperated closely, both bilaterally and within international organisations, on resolving outstanding issues, including the most pressing regional issues, such as Afghanistan, the Middle East, and the Western Balkans. As in all relationships, the EU and the US sometimes have different views with regard to certain issues, but we have been resolving them successfully with a constructive approach and mutual understanding." With these words the President of the EU General Affairs and External Relations Council, Slovenian Foreign Minister Dimitrij Rupel started his presentation of the EU-US Summit to be held next week in Slovenia.

The President of the Council stated that during its Presidency Slovenia has devoted particular attention to transatlantic structures. The Summit will be the most important event in this framework. A great deal of work has already been done with regard to the preparations. The Summit will be divided into four parts, namely the meeting of the heads of state, the plenary session, and lunch, which will then be followed by a press conference.

The heads of state will discuss the most topical regional issues, among which President Rupel mentioned the Middle East Peace Process, the Western Balkans, Central Asia, the Caucasus, and Iran, while other regional issues will be discussed at the plenary session and during lunch. The talks will also touch upon other global issues, such as climate change, energy, the negotiations within the WTO, development, global health and security, and free trade and the free movement of people.

At the plenary session, the Summit will see the first presentation of the Progress Report of the Transatlantic Economic Council, which was established at the 2007 EU-US Summit in Washington and within which the European Parliament has played an important role as an advisory body in the Transatlantic Legislators' Dialogue. The Progress Report of the Transatlantic Economic Council meeting (13 May in Brussels)

will be presented by the Council co-chairs, the Assistant to the US President for International Economic Affairs Daniel Price, and the Commissioner for Enterprise and Industry and Vice President of the European Commission, Günter Verheugen.

"The document to be adopted at the Summit has been the subject of discussion between the EU and the US for several months. The declaration will encompass the entire scope of transatlantic cooperation. Among other matters, it will touch upon regional issues, global security, transatlantic economic partnership, and global challenges, including climate change and energy. The EU Presidency's objective is to prepare a brief and concise document with a firm political message, and I believe we are doing well," added GAERC Council President Rupel, who then went on to indicate some important topics. He said that a compromise solution had been reached within the chapter on climate change, where divergent positions were present. The proposed short and meaningful text on climate change preserves the most important objectives of the EU and at the same time takes into account the US positions.

The GAERC Council President went on to say that in addition to the preparations for the Summit, the Presidency has been endeavouring to establish the date for the signing of the Air Traffic Safety Agreement, as its harmonisation is now in the final stage. The Presidency furthermore supports early establishment of the "open skies", which will represent further liberalization of transatlantic air traffic and a new stage in EU-US relations, benefiting the people on both sides of the Atlantic.

"The Slovenian Presidency is aware of the fact that some EU Member States have still not been included in the Visa Waiver Programme, which facilitates visa-free travel to the US. This topic has also been given considerable attention in all contacts with the US, as well as in the preparations for the Summit. We hope that substantial progress can be achieved by the end of this year," remarked President Rupel.

## OUTLINE OF EC POSITION ON 100 % SCANNING

- EU-US bilateral trade accounts for 40% of the world trade and we should be very careful not to impose any measure which harms legitimate trade.
- The EU fully shares the US concerns about security and we are strongly committed to enhancing the security of the international supply chain, in line with the international standards.
- This is also one of the reasons why we in the EU revised our Customs Code and took concrete measures to secure the supply chain. The "Security amendment" including the introduction of a risk management framework, the Authorised Economic Operator concept and pre-arrival/departure declarations (which will, as the final step, apply as of July 2009), will significantly increase security both in Europe as well as for our global partners.
- Our view is that 100 % scanning is a wrong solution and that US-EU cooperation offers the best possible chance of developing effective policies that both enhance security and ensure trade facilitation. It is crucial for success that we address these challenges together rather than separately.
- We are therefore deeply concerned about the impact of the recently adopted US legislation "Implementing Recommendations of the 9/11 Commission Act of 2007" (also known as the 9/11 Commission Recommendations bill) relating to 100% scanning of maritime containers, which was adopted by Congress, and did not take into account the views of the US Administration.
- The adopted measures go against the well established and currently practiced multi-layered risk-based approach, which is strongly favoured by the EU. It also contradicts fundamentally the commitments made at the EU-US Summit in April 2007.
- If implemented, the legislation will undermine our joint work towards mutual recognition of trade partnership programmes. This unilateral measure would dramatically diminish the expected benefits of the latter programmes, as 100% scanning is the clear opposite of risk analysis.
- It is clear that the 100 % scanning concept is ineffective, costly, trade-disrupting, can create a false sense of security and entails serious political and economic consequences. It would call for a shift of European resources away from European security requirements. Besides, it could have serious repercussions for EU-US maritime transport and trade, and on transport organisation within the EU and worldwide, without any clear benefits in terms of enhanced security.
- The US 100% scanning initiative is unilateral and implies extraterritoriality. The initiative does not strengthen the security of the European ports but foresees investment from other countries into US security.
- From a legal perspective, the 100% scanning legislation appears to be inconsistent with WTO rules, notably Articles XI (restriction of imports) and V (transit) of the GATT. (At the same time, a WTO challenge should be considered carefully, given the political sensitivities and the legal uncertainties surrounding issues related to national security.)

- The Commission has been approached by numerous European trade associations, shipping associations, ports and other stakeholders, all expressing concerns regarding expected trade disruptions in case of implementing this legislation.
- The Commission is using every opportunity to oppose 100% scanning and to promote a multilayered risk-based approach to enhance the security of the supply chain, in line with international standards.
- On 4 April 2008 we have submitted a strong report to the US stressing the negative impact and absence of benefits of 100% scanning. This report was based on contributions received from our Member States customs administrations.
- A more detailed impact assessment of 100% scanning (on security, maritime transport and trade) is already under preparation and should be ready by the end of 2008.
- Receiving information from the business community would therefore be of great assistance to us. Data on investment and operating budgets, prices, port congestion and restructuring, restructuring of maritime transport worldwide, etc, would be very helpful.
- It is lastly extremely important that the business community, both in the EU and in the US, uses every opportunity to voice its concerns against the implementation of 100 % scanning.

**EU – US Action Strategy  
for the  
Enforcement of Intellectual Property Rights**

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In June 2006, during the EU-US Summit in Vienna, Presidents Barroso and Bush launched a new programme of cooperation on enforcement of intellectual property rights around the world. The objectives were defined in the *EU-US IPR Action Strategy* adopted by the Summit.

Since this announcement, officials from both governments have been working closely together with industry and third country trading partners on a range of initiatives to implement the objectives set in the Action Strategy. In 2007, this cooperation has been integrated in the framework of the Transatlantic Economic Cooperation.

Below, under the heading *Joint Accomplishments* is a summary of the major activities undertaken so far.

**1. Improving Enforcement**

**a) On Customs and border control**

1. Increase cooperation to strengthen border enforcement of IP rights:

*Joint Accomplishments: Operation INFRASTRUCTURE resulted in the seizure of over 360,000 counterfeit integrated circuits bearing over 40 different trademarks. It was the first Intellectual Property Rights (IPR) enforcement operation undertaken by the European Union and the United States' Customs and Border Protection.*

*This operation, targeting counterfeit semiconductors (integrated circuits) and computer networking equipment implemented the "joint IPR border enforcement action" portion of the strategy as agreed to by the EU and US. These products were selected for the joint operation because they present safety and security risks in addition to IPR infringement risk.*

*The two Customs administrations are working together to create a single set of uniform guidelines and parameters, to deliver to industry, so they may create a web-based tool-kit for U.S. and EU customs officers to use to authenticate incoming goods in to ports of entry*

**b) Bilaterally**

2. Step up our actions to encourage third countries to enforce IPR and to combat counterfeiting and piracy.

***Joint Accomplishments:*** U.S. and EU officials are in regular contact regarding key enforcement problems. Information sharing and coordination has taken place through DC/Brussels teleconferences and in-person meetings. Key areas in which we have already delivered coordinated messages or have begun the process of coordination include:

*China:* The U.S. and the EU continued to monitor WTO Dispute Settlement proceedings for opportunities for heightened coordinated engagement. We have ensured regular dialogue between trade and economic agencies to maintain consistency between the approaches of both parties. We worked with industry to address emerging concerns regarding IP protection in the digital environment.

*Russia:* The U.S. and the EU have both raised the need to shut down websites offering pirated product and we have exchanged information on recent changes to Russia's IPR laws with a view toward further cooperation in the context of Russia's multilateral WTO accession process. We have jointly engaged Russian officials, with private sector collaboration, to increase protection of intellectual property rights for copyrighted materials.

*ASEAN:* Coordinated engagement on IPR enforcement concerns, for example with respect to registration of well known U.S. and EU trademarks in Indonesia. Exchanged views on Vietnam's criminal IPR enforcement regime.

*Chile:* EU and U.S. engaged with Chilean officials to secure (a) improved enforcement legislation and (b) commitments for technical assistance programs in the region.

*Mexico:* EU and U.S. engaged with Mexican officials to secure improved enforcement legislation and practice.

3. Create bilateral IP networks in our Embassies/Delegations in relevant third countries to facilitate information sharing, delivery of complementary and/or joint messages, cooperation on training and technical assistance programmes, and assisting industry enforcement efforts.

***Joint Accomplishments:*** Embassy staff in Beijing and Moscow are coordinating regularly (at least monthly) on key IP issues. Information is exchanged before and after the respective EU and US IPR related dialogues with these two countries.

*In the course of last year, this practice was extended to other regions, and namely to Latin America and to ASEAN.*

*In Thailand, the EU and the U.S., joined by Japan, have launched a tri-lateral cooperation process, closely involving the business community and aiming*



*towards a better identification of enforcement problems and concrete suggestions for improvement as experienced by operators on the ground.*

c) **Multilaterally**

4. Enhance collaboration against counterfeiting and piracy in relevant multilateral venues

***Joint Accomplishments: ACTA:*** *Both Parties committed to the successful conclusion of the negotiation of the Anti-Counterfeiting Trade Agreement and its promotion in third countries as a model for international IP enforcement.*

***G8:*** *EU and U.S. cooperated in the implementation of the G8 2007 IPR programme and in the definition of the objectives for the 2008 Summit*

***WTO:*** *Continued to monitor WTO Dispute Settlement proceedings with China for opportunities for heightened coordinated engagement. Continued to cooperate on Russia's multilateral WTO Accession discussions.*

***WHO – IMPACT:*** *Both Parties engaged with WHO's IMPACT taskforce to supplement efforts to improve enforcement of counterfeit medical products in particular in areas of weak regulatory systems and high penetration of illegal sales.*

***WIPO:*** *Continued to collaborate and raise issues of enforcement within the framework and agenda of WIPO.*

d) **On technical assistance**

5. Strengthen IPR enforcement internationally through coordinated and/or complementary technical assistance cooperation and capacity building programmes, including addressing the issue of public awareness. Share information with each other and with industry on training opportunities and programmes. Launch joint activity in capacity building programmes in select key countries. Identify ways to increase private sector participation/support.

***Joint Accomplishments:*** *The EU and the U.S. have jointly organised technical assistance and awareness raising events in ASEAN (Workshop on Intellectual Property Enforcement in Denpasar, Indonesia, with the participation of private sector and government experts from Europe, the Philippines, Singapore, Thailand, and the United States); in Russia (Seminar on Digital Piracy, with wide participation from private sector and Russian enforcement authorities), in Latin America (IP enforcement program for South America's tri-border region. The program was open to Customs officials in Brazil, Paraguay, and Argentina).*

## 2. Promoting public-private partnerships

6. Involve industry by providing information on IPR related meetings and activities in third countries to facilitate industry input and providing feedback on meetings and results.

- 7.

*Joint Accomplishments:* U.S. and EU hosted public-private event followed by government-to-government talks in September 2007, in Washington and will host another one in Berlin in May 2008 to report on progress of the present Action Strategy and to establish priorities for the following year.

8. Assist SMEs with IPR protection and enforcement challenges in third countries.

*Joint Accomplishments:* EU is about to launch an IPR Helpdesk for SMEs facing IPR problems relating to China; regular communication and co-ordination is maintained between the Helpdesk and the US IPR representatives in China. ...

9. Increase public awareness of the need to address IPR infringements such as at trade fairs and share ideas on ways to improve enforcement against such infringements, in cooperation with the interested parties.

*Joint Accomplishments:* EU-US officials have exchanged information on approaches to public and private participation in trade fairs with view to assessing practical forward approach.