



EUROPEAN PARLIAMENT

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

## **BACKGROUND NOTE**

**ON**

# **TRANSATLANTIC RELATIONS: ACHIEVEMENTS AND PROSPECTS IN THE ECONOMIC SPHERE**

**Abstract:** *Compiled as a stock-taking exercise in the wake of the April 2007 EU-US Summit, this note focuses on economic aspects as the foundation of EU-US relations. It reviews the relevant agreements and bilateral summit declarations, as well as the various dialogue structures which have developed in support of this all-important twin engine of the world economy. The paper then examines how contacts between the European Parliament and the US Congress have contributed to fostering transatlantic relations, and concludes with the outlook provided by the newly-created Transatlantic Economic Council and parliamentarians' participation in its activities.*

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## **SUMMARY**

*In spite of diplomatic irritations and even spectacular scenes of boycott, the transatlantic economy constitutes the solid bedrock for the EU-US relationship, harbouring considerable growth potential for both sides, as well as for the world economy at large. Facilitating those economic relations has thus always been a political concern for both sides, despite the increasing attention devoted to agreements and disagreements over questions of security, energy policy or climate change.*

*Over almost two decades, through a series of agreements, agendas, summit declarations and action plans, the two sides' executive branches strove to create the political framework for progressively removing the regulatory obstacles which still impede the integration of the transatlantic market. A number of transatlantic dialogue structures were created to let NGOs, representing business as well as consumer organisations and other stakeholders, contribute to these efforts from their respective angles.*

*The European Parliament and the US Congress established the Transatlantic Legislators' Dialogue as a unique interparliamentary platform to foster a unique relationship. Despite some structural weaknesses, this dialogue has proven its worth, and recently laid claim to a more permanent and structured role in shaping bilateral relations.*

*All these various efforts culminated in the decision of the April 2007 EU-US Summit to raise transatlantic economic relations to the highest level: In a decisive step towards further economic integration, the Summit set up a Transatlantic Economic Council as a cabinet-level body bringing together four key European Commissioners and their US counterparts on a regular basis.*

*This new council will be supported by a 'Group of Advisers' including, in a clear recognition of parliamentarian's key contribution, the co-chairs of the Transatlantic Legislators' Dialogue. It is now up to the European Parliament and the US Congress to make full use of the opportunity provided, by defining their role in this process and structuring their interaction with the Transatlantic Economic Council.*

## TABLE OF CONTENTS

<b>INTRODUCTION: A <i>DE-FACTO</i> TRANSATLANTIC MARKET .....</b>	<b>5</b>
<b>1. AGREEMENTS, AGENDAS AND ACTION PLANS .....</b>	<b>6</b>
<b>1.1. The Transatlantic Declaration of 1990 .....</b>	<b>6</b>
<b>1.2. The New Transatlantic Agenda of 1995 and the Joint EU-US Action Plan .....</b>	<b>6</b>
<b>1.3. The Transatlantic Economic Partnership of 1998 .....</b>	<b>7</b>
<b>1.4. The EU-US Economic Initiative of June 2005 and its follow-up in 2006 .....</b>	<b>7</b>
<b>1.5. EU-US Regulatory Cooperation .....</b>	<b>8</b>
<b>1.6. April 2007: A Transatlantic Economic Council .....</b>	<b>8</b>
<b>2. A MULTITUDE OF DIALOGUES .....</b>	<b>10</b>
<b>2.1. Transatlantic Business Dialogue .....</b>	<b>10</b>
<b>2.2. Transatlantic Consumers' Dialogue .....</b>	<b>11</b>
<b>2.3. Financial Markets Regulators' Dialogue 2002 .....</b>	<b>11</b>
<b>2.4. Transatlantic Environment Dialogue 1999-2001 .....</b>	<b>12</b>
<b>3. PARLIAMENT AND CONGRESS .....</b>	<b>13</b>
<b>3.1. Structure .....</b>	<b>Error! Bookmark not defined.</b>
<b>3.2. Transatlantic Legislators' Dialogue 1999 .....</b>	<b>13</b>
<b>3.3. Subjects of dialogue .....</b>	<b>14</b>
<b>3.4. Calls for an enhanced role .....</b>	<b>14</b>
<b>3.5. Structural imbalances .....</b>	<b>15</b>
<b>CONCLUSION: THE CURRENT OUTLOOK .....</b>	<b>17</b>

## INTRODUCTION: A *DE-FACTO* TRANSATLANTIC MARKET

Over recent years, the much-vaunted community of values between the United States and the European Union has increasingly come into question, with certain sections of public opinion at least preferring to focus on what divides rather than on what unites us. These undeniable diplomatic strains appeared at times to affect the economic sphere. In fact, spectacular episodes of boycott notwithstanding, the opposite is true: economic ties continue to form a solid bedrock for the relationship. Indeed, the sheer volume of transatlantic trade has reached unprecedented levels, making the United States and the European Union each other's main trading partner by far: In 2006, 23% of EU exports, to the tune of € 269 billion, went to the US, while 13% of our imports, worth some € 178 billion, originated from there. To put it in more graphic terms: Transatlantic trade alone is worth more than a billion Euro a day.

As recent academic work<sup>1</sup> has shown, an even better indicator of long-term economic relations is provided by foreign direct investment. Here the figures confirm and reinforce the picture presented by the trade statistics: Over half the EU's foreign direct investment goes to the US, while almost two thirds of foreign investment inflow into the EU come from the US. Taken together, mutual foreign investment across the Atlantic by now amounts to over € 1.5 trillion . Most significantly however, investment in both directions grew significantly in the year 2003, even as political tensions flared over Iraq.

Flowing back and forth across the Atlantic rather than to low-cost third countries, such a volume of investment obviously also represents a sizeable slice of employment. In remarkable symmetry, close to 7 million jobs on each side are provided by the transatlantic economy - and therefore dependent on its continued functioning and expansion. At the same time, the transatlantic economy represents some 57% of world GDP, and thus remains the tandem engine of the world economy.

With the US and European economies thus increasingly interdependent in their search for growth and employment, as well as essential for the rest of the world, it is little wonder that economic relations have always formed the main focus of contacts at official level, even while world affairs, security questions and, most recently, energy and climate change issues have grabbed the headlines at bilateral summits.

A number of agreements over the years aimed at reducing first tariffs, then other barriers to trade and investment. Transatlantic dialogues between NGOs representing business as well as consumer organisations and other stakeholders sprang up to support these efforts. Members of Congress and the European Parliament responded to the challenge, creating a specific structure to reflect a unique relationship. The commitments made at the April 2007 EU-US Summit marked a decisive step towards further economic integration, providing an opportunity to take stock of what has been achieved so far and examine possible next steps.

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<sup>1</sup> Daniel S. HAMILTON/Joseph P. QUINLAN (eds.) *Deep Integration : How Transatlantic Markets are Leading Globalization*. June 2005

## **1. AGREEMENTS, AGENDAS AND ACTION PLANS**

The USA has maintained diplomatic relations with the European Union and its forerunners since 1953. In 1954, a delegation for the then European Communities was established in Washington. In 1961, the U.S. mission to the European Communities opened in Brussels. In addition to these quasi-diplomatic structures, since 1990 regular presidential summits have been held to assess and develop transatlantic cooperation.

### **1.1. The Transatlantic Declaration of 1990**

Signed in November 1990 in Washington, the Transatlantic Declaration between the then European Communities and the United States of America formalised relations between the two. The Declaration outlines the basic principles for cooperation as well as the main goals, concerning topics of both political and economic nature. Supporting human rights and democracy, safeguarding peace and security, pursuing policies aiming at a sound world economy ruled by market principles as well as helping developing countries in their political and economic reforms - specifically Eastern and Central Europe - are mentioned as common goals. These are to be pursued through informing and consulting each other on important matters of common interest, politically and economically, for the benefit of both parts.

Four areas are singled out for specific attention: *First*, economic cooperation in strengthening the multilateral trading system towards liberalisation and transparency, and supporting the implementation of GATT and OECD principles concerning both trade in goods as well as services and investment. *Second*, cooperation concerning education, science and culture is to be enhanced. *Third*, trans-national challenges are brought up, such as the fight against terrorism, narcotics and international crime, as well as preventing the proliferation of nuclear armaments, missiles technology and chemical and biological weapons. This area also includes protecting the environment. *Fourth*, the need for an institutional framework is recognised, with both sides committing to make full use of and strengthen the existing semi-annual consultations established on 27 February 1990.

### **1.2. The New Transatlantic Agenda of 1995 and the Joint EU-US Action Plan**

Building on several years of practice under the Transatlantic Declaration, the *New Transatlantic Agenda (NTA)* was adopted on 3 December 1995 in Madrid. It constitutes a decisive step in that it moves the EU-US. partnership from consultation to joint action, and affects every sector in society ("business to individual").

The Agenda identifies four major avenues of cooperation, namely:

- the promotion of peace and stability, democracy and development around the world;
- responding to global challenges;
- contributing to the expansion of world trade and closer economic relations; and
- building bridges across the Atlantic.

The Agenda is accompanied by a *Joint EU-US. Action Plan*, which sets out 150 specific actions on both political and economic issues in these four fields.

### **1.3. The Transatlantic Economic Partnership of 1998**

Striving to provide further impetus for bilateral cooperation on trade and investment, the May 1998 EU-US. Summit in London proclaimed the Transatlantic Economic Partnership (TEP). In their joint statement, the summit leaders identify a series of elements for an initiative to intensify and extend multilateral and bilateral cooperation and common actions in the field of trade and investment. The accompanying Action Plan also presents a timetable for achieving specific results: Some elements are to be pursued through cooperative actions, others in the form of trade negotiations. The Action Plan also addresses the general organisational arrangements needed to realise the TEP, with a steering group overseeing a number of specialised or ad-hoc working groups.

### **1.4. The EU-US Economic Initiative of June 2005 and its follow-up in 2006**

Following a 2004 commitment reached at the Dromoland summit to further deepen and strengthen the economic integration between the EU and the US, the EU-US economic summit launched the '*EU-US Initiative to Enhance Transatlantic Economic Integration and Growth*' in June 2005. Its commitments cover the following areas:

- regulatory cooperation;
- capital markets;
- innovation;
- trade and transport security;
- energy efficiency;
- intellectual property rights (IPR);
- investment;
- competition; and
- public procurement and services

As special attention had been given to IPR and its enforcement in third countries, a separate declaration was adopted in which the EU and the U.S. pledge to promote strong and effective enforcement protecting borders, strengthening cooperation to reduce global piracy and counterfeiting, as well as fostering public-private partnerships to protect intellectual property. The ensuing, *first ever EU-U.S. informal economic ministerial* meeting held in Brussels on 30 November 2005 set up a detailed joint work programme to ensure effective implementation of the initiative, while a dedicated IPR work group would follow up on the relevant declaration. Furthermore, a high-level *Regulatory Cooperation Forum* was established in order to organise the cooperation.

## 1.5. EU-US Regulatory Cooperation

At the June 2005 EU-US Summit and as a part of the implementation of the TEP Action Plan goal to improve regulatory cooperation, the United States and European Commission issued the Roadmap for EU-US Regulatory Cooperation, providing a framework for cooperation on a broad range of important horizontal and sectoral areas. Under this ongoing multi-year initiative, US and European authorities aim to build effective mechanisms to promote better quality regulation, minimize unnecessary regulatory divergences to facilitate transatlantic trade and investment and increase consumer confidence in the transatlantic market. Guidelines have been developed by officials of the European Commission and the US Government, and announced in April 2002. Commission services have also previously prepared a descriptive text on transparency in the EU regulatory procedure.

A Roadmap for EU-US Regulatory Cooperation and Transparency was developed first for the 2004 EU-US Summit and has since been updated yearly. The latest Roadmap outlines a broad range of activities intended to reduce costs, expand market opportunities and help minimise EU-U.S. regulatory differences, and contain three distinct elements:

- First, 15 sector-specific regulatory dialogues discussing "*what we regulate*", such as on the regulations and approvals of pharmaceuticals, consumer product safety, and energy efficiency;
- Second, there is a horizontal dialogue between the European Commission and the White House Office of Management and Budget on general regulatory issues. This dialogue focusses on mutually understanding "*how we regulate*" (bearing in mind that the EU and the US are arguably the two most densely regulated markets worldwide) and compares the respective approaches, including on how to assess risk, and the impacts of regulation; and
- Third, a High-level Regulatory Cooperation Forum was established to provide a platform for high-level political engagement. This Forum is to facilitate horizontal and sector-specific regulatory dialogues, thus essentially dealing with "*how we cooperate*" by addressing crosscutting issues and best practices, and helping identify new areas of cooperation. The first Forum event took place in Brussels on 26 January 2006, followed by a second event in Washington, D.C. on 3 May 2006. During the second event, a set of Best Cooperative Practices were discussed by the regulators. Forum events are expected to take place twice yearly.

## 1.6. April 2007: A Transatlantic Economic Council

Building on summit commitments on fostering the transatlantic economy made in the two previous years, the EU-US Summit of 30 April 2007 in Washington DC adopted a "Framework for Advancing Economic Integration". This document reaffirms a multi-year programming approach to regulatory cooperation while emphasising results and accountability.

Specifically, the High-Level Regulatory Cooperation Forum set up in 2005 is to be reinforced by heads of regulatory authorities from both sides "*to report on any risks or benefits from significant differences in regulatory approaches*". It is to focus particularly on impact assessment guidelines in order to allow for appropriate consideration of regulations' impact on trade and investment. Furthermore, the Framework explicitly mentions the possibility of setting this field of regulatory cooperation on "*a more formal basis*".



In parallel to intensifying the dialogue on regulatory methodology, sectoral cooperation is to be boosted as well. A number of priority areas were identified from among existing work programmes and assigned "*lighthouse priority project*" status:

- intellectual property rights,
- secure trade procedures,
- financial markets (accounting standards),
- innovation and technology (five specific research subjects), and
- obstacles to investment.

Progress on these projects is to be achieved at the latest by next year's summit, when the "lighthouse" list is to be updated to reflect new priorities.

Finally, to oversee these commitments and accelerate progress, the Framework establishes a Transatlantic Economic Council, to be co-chaired by an EU Commissioner and a cabinet-level US official. Meeting at least once a year but reviewing progress on the Framework objectives at least twice a year, this body is to guide work between Summits "*with a focus on achieving results*", reorganising the work programme, monitoring its implementation and reporting to the Summit. (For a tentative outlook on the new body's structure and work, see under 4. below)

## **2. A MULTITUDE OF DIALOGUES**

### **2.1. Transatlantic Business Dialogue**

Originally the idea of the late US Secretary of Commerce Ron Brown, the Transatlantic Business Dialogue (TABD) was conceived to promote even closer commercial ties between the U.S. and European Union. Brown, together with his counterparts in the European Commission Martin Bangemann and Sir Leon Brittan, created the dialogue system as a mechanism to encourage public and civil society input to fostering a more closely integrated transatlantic marketplace. The dialogue system, which includes separate dialogues for consumers, labour, environment and business, was a key part of the governments' 1995 NTA, which laid out a plan to enhance overall transatlantic economic and political relations. While it receives its mandate from the US administration and the European Commission, the TABD is funded exclusively by the companies that participate in the process.

Each year the TABD brings together over 100 EU and US business leaders and high-level representatives of the European Commission and the US Administration in a two day conference which provides substantial input to governments on a number of, mainly trade-related, areas. Its aim is to boost transatlantic trade and investment opportunities by removing obstacles to the efficient conduct of international business. The six 'priority issues' are as follows:

- Regulatory cooperation;
- IPR;
- Capital markets;
- Trade and security;
- Innovation; and
- The WTO Doha Development Round.

The TABD is chaired by a US and European CEO for a period of two years. The current chairmen are Charles Prince, Chairman and Chief Executive Officer of Citigroup, and Martin Broughton, the Chairman of British Airways. A group of 30 CEOs from companies selected to ensure a balance of sectors and regions serve on the TABDs "Executive Board" and determine the direction and issue focus of the process. TABD members are leading companies, large and small, with strong transatlantic credentials. They are represented either by Chief Executive Officer and/or Chairman of the company in question, who are able to speak for their company and to commit that company fully to the TABDs main objectives and activities.

On the US side, the Commerce Department is the TABDs liaison to the other departments and agencies. The TABD also works very closely with the US Trade Representatives' office, the State Department, the Department of Treasury, and the Department of Homeland Security. On the EU side, the mandate comes from the European Commissioners for Enterprise and Trade, and the Presidency of the European Council.

The TABD meets at the senior level, or the Executive Board, twice per year to lay out the priorities of the business community and direction of the TABD process. Throughout the year, the working level representatives of these companies meet to discuss the details on the recommendations established by the Executive Board. Outreach to other companies and

business organisations is conducted at this level to ensure that the TABDs recommendations represent the widest business consensus possible. The TABD works in close cooperation with its conveners in the U.S. Administration, the European Commission and the Presidency of the European Council. The TABD also keeps legislators in the European Parliament and the US Congress informed of its activities and positions on legislative issues.

## **2.2. Transatlantic Consumers' Dialogue**

The transatlantic Consumers' Dialogue (TACD) was launched in September 1998. It aims to provide a formal mechanism for EU and US consumer representatives to contribute to EU-US political negotiations and agreements as well as explore ways of strengthening the EU and US consumer view at the international level. So far, 45 EU and 20 U.S. consumer organisations have joined the forum.

The TACD endeavours to feed into the TEP process by looking closely at the agenda of the various TEP committees and responding on the issues which concern consumers directly. Other policy-making processes, such as those at the OECD or WTO, are also being closely followed. The TACD regularly issues statements and recommendations on important food, e-commerce, intellectual property and trade issues such as GM foods, growth hormones, the precautionary principle, consumer protection in e-commerce, data privacy protection, fair trade and eco-labelling, access to medicines, and so on.

The TACD consists on a secretariat situated in London within the Office for Developed Economies at Consumers International, a steering committee, and three Working Groups.

Currently, the TACD steering committee members are:

- Benedicte Federspiel, Danish Consumer Council
- Jean Ann Fox, Consumer Federation of America
- Rhoda Karpatkin, Consumers Union (US)
- Edmund Mierzwinski, US Public Interest Research Group
- Jim Murray, BEUC
- Karel Pavlik, Czech Consumer Defence Organisation
- Lori Wallach, Public Citizen (US)
- Klaske de Jonge, Consumentenbond

The three Working Groups are involved in food-related issues, information society, and intellectual property issues, respectively. They are chaired by a Co-Chair from each side of the Atlantic who, inter alia, facilitate electronic or meeting discussions, agree on work plans in consultation with their members, and participate in media and representation work as appropriate. The working groups develop and produce common TACD policy positions which are reached by consensus. They communicate by electronic means as well as holding periodic meetings of either all or representative group members.

## **2.3. Financial Markets Regulators' Dialogue 2002**

This Dialogue is led by the European Commission and the US Treasury, joined by staff from the US Securities and Exchange Commission (SEC) and the US Federal Reserve Board, as well as

representatives of other supervisory bodies, as appropriate. Meetings take place several times a year and are complemented by a wide range of on-going contacts at both policy and technical levels.

In order to help increase sustainable growth in Europe and the US and foster further integration of global financial markets, the informal EU-US Financial Markets Regulatory Dialogue aims:

- to foster a better mutual understanding of EU and US regulatory approaches;
- to identify potential conflicts in approach as early in the regulatory process as possible; and
- to discuss regulatory issues of mutual interest.

The Dialogue is not exclusive: it complements separate dialogues or discussions between regulators or legislative authorities on both sides of the Atlantic such as the Interparliamentary Dialogue between the US Congress and the European Parliament, and the formal dialogue between the Committee of European Securities Regulators (CESR) and the SEC. It also complements discussions in other fora such as the Basel Committee, the Joint Forum and the Financial Action Task Force; it complements intra-industry cooperation, such as that within the Transatlantic Business Dialogue (TABD) and any roundtables or financial services industry seminars.

Initially the dialogue was meant to be a broad platform to discuss regulatory issues linked to financial markets and services. It quickly turned out to be a useful vehicle for resolving frictions in this area caused by regulatory spill-over (e.g. new auditing rules issued in the US Sarbanes-Oxley Act, following corporate scandals). Several important regulatory understandings (e.g. on the agreed cooperative model for the implementation of the US Sarbanes-Oxley Act and on clarifying regulatory issues dealt with by the EU Directive on financial conglomerates) have helped to reduce transatlantic tensions in these areas. The Financial Markets Regulatory Dialogue is widely recognized (by Member States, the European Parliament and stakeholders) as being useful and effective in defusing politically sensitive confrontations in key policy fields. Its strength is derived from its informal nature, allowing regulators from both sides of the Atlantic to try to work out solutions acceptable to both constituencies in a non-confrontational manner.

#### **2.4. Transatlantic Environment Dialogue 1999-2001**

The adoption of the NTA and its Joint Action Plan in 1995 opened up further possibilities for dialogue by expanding EU-US co-operation to the full range of political and economic issues. Point 2 of the common goals mentioned on the NTA regards responding to global challenges, including preservation of the environment. Building bridges between different communities on either side of the Atlantic led to a number of Dialogues being launched including the Transatlantic Environment Dialogue (TAED started in 1999). The TAED played a short but useful role in bringing the NGO communities together. The TAED ceased to exist in 2001.

### **3. PARLIAMENT AND CONGRESS**

#### **3.1. Background**

The contact with the United States Congress is the longest and most intensive one in the history of the European Parliament, both before and after the direct elections of 1979. At currently 42 members, the EP delegation for relations with the US is the largest of Parliament's standing delegations, and traditionally regarded as the most important as well, with the largest political group in the EP often taking the chairmanship.

The EU-US delegation is the largest of the 34 delegations the European Parliament has at present - a reflection of the importance of transatlantic relations. The delegation to the US meets with their counterparts from the Congress twice a year - once in America, once in Europe<sup>1</sup>. Until 1995, when these meetings were held in the European Union (EU) they usually took place in the capital of the country holding the EU presidency. Since 1995, meetings in Europe have always taken place in one of the three working places of the EP until 2002, when the previous practice was again adopted.

The EP delegation is one of only three parliamentary delegations (besides those of neighbouring Canada and Mexico) whose members are given the privilege of being received on the floor of the US Senate when in Washington. The EP delegation has traditionally been received at the highest levels of government, having on various occasions had meetings with the secretaries of state, defence, commerce, agriculture, environment, the US Trade Representative, etc. The US Congress delegation has been accorded similar treatment when in Europe, and in a number of countries has been received by the Head of State.

#### **3.2. Transatlantic Legislators' Dialogue 1999**

At the 50th interparliamentary meeting on 15-16 January 1999 in Strasbourg, both delegations decided to launch the Transatlantic Legislators' Dialogue (TLD), the formal response of the EP and the US Congress to the call for enhanced parliamentary ties in the New Transatlantic Agenda. The idea was that the Dialogue would serve as an umbrella structure for both regular interparliamentary meetings and ad-hoc contacts between specialised committees.

Thus the semi-annual interparliamentary meetings (IPMs), covering the full bandwidth of subjects of shared interest in a general fashion, would be complemented by more specific meetings of interested committee members and staff from both sides, either face to face or through video link, to address individual legislative issues under consideration in both houses. The IPM format has also been enhanced through dedicating one half-day to a seminar involving experts from both sides, on issues of either bilateral importance (e.g. data protection) or shared interest (intellectual property rights, the rise of China, energy security).

Since 2000 a number of videoconferences, as well as EP committee visits in Washington, have brought together legislators of the EP and the US Congress for an in-depth exchange of views

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<sup>1</sup> The constraints of parliamentary work on either side, and election periods in particular, can require modification of this pattern; thus 2004 saw only one IPM (in April in Dublin), while the December 2005 and April 2006 meetings both took place in Europe (in London and Vienna, respectively).

on a number of topics. In addition to offering the opportunity for better understanding of mutual positions, these contacts are also expected to raise timely awareness of planned legislation which might affect the other side's market actors.

This crucial function is to be further strengthened by setting up a full-scale "*legislative early warning system*" as called for in the EP resolution preparing the 2007 summit<sup>1</sup>, specifically including a permanent European Parliament staff post in Washington, which had been authorised by the EP Bureau in December 2006.

### 3.3. Subjects of dialogue

Traditionally, it is *political and security issues* that top the agenda of inter-parliamentary meetings, providing an opportunity to open proceedings by reaffirming shared values and discussing topics of common concern. Thus the Middle East peace process, the Balkans, Russia, China, non-proliferation of WMDs and energy security, as well as NATO/ESDP interaction, have all been discussed at IPMs during the past decade. Since September 2001, the *fight against terrorism* has of course become the focal point of this cluster, giving rise to some heated debate as MEPs would consistently raise fundamental Human Rights issues as well as more specific, bilateral irritants such as data protection safeguards.

A second cluster of subjects is formed by *issues affecting the wider world*, from Development policies and the Millennium Goals to the fight against pandemics, cooperation on disaster relief and prevention, and more recently, climate change (which would have been the seminar theme for May 2007, see below).

Since the beginnings of regular interparliamentary contacts however, *trade and economic issues* have held the largest space on the agenda, thereby mirroring both the material realities and the governments' preoccupations described earlier. Here both sides have repeatedly affirmed their commitment to a successful conclusion of the WTO Doha Round, as well as to the need for a robust enforcement of intellectual property rights. On other, more controversial issues, IPMs have helped to mutually clarify and understand the positions, such as on GMOs in food, steel tariffs, state aid for aircraft manufacturers (Boeing vs. Airbus) or more recently on REACH. Just as between the executive branches, *financial services* have been a much-discussed field, from the 2002 Sarbanes-Oxley Act to the problem of converging accounting standards. Concerning *regulatory cooperation*, in general, the main difference to overcome seems to be that the role of Congress in adopting enabling legislation and in oversight is stronger than that of the EP, while the European Parliament has more impact on primary legislation.

### 3.4. Calls for an enhanced role

In recent years, these different, but in any case important roles have led to an increasing discussion on enhancing parliamentary participation in EU-US relations, so as to involve the legislators in the regulators' increasingly close cooperation.

In its latest resolution on transatlantic relations<sup>2</sup>, based also on several earlier resolutions<sup>1</sup>, the European Parliament "*Emphasises that only the wider involvement, at all levels, of Congress*

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<sup>1</sup> P6\_TA-PROV(2007)0155, adopted on 25 April 2007

<sup>2</sup> P6\_TA-PROV(2007)0155, adopted on 25 April 2007

*and the Parliament will make it possible to truly improve the whole process and that the existing interparliamentary exchange should be gradually transformed into a de facto 'Transatlantic Assembly'".*

More specifically, it "*Urges the EU-US Summit to agree to an adequate level of parliamentary participation in the EU-US Summits and calls for a meeting prior to every summit between the Transatlantic Legislators' Dialogue (TLD) and Senior-Level Group to exchange views on the progress of the Work Programme and the preparations for the Summit; reiterates the need to create a stable institutional parliamentary framework*".

### **3.5. Structural imbalances**

Against such high-flying hopes, one cannot help noticing that the whole TLD exercise suffers from a certain asymmetry in its organisational structure:

- On the European Parliament side, the TLD is supported by the (standing) Delegation for relations with the United States, as well as a Steering Committee co-chaired by the Head of the delegation and the Chairman of the Foreign Affairs Committee. This body includes the chairs of nine other committees whose policy areas touch upon transatlantic relations<sup>2</sup>, and acts as a liaison body within Parliament as well as with the Senior Level Group. At the staff level, this structure is mirrored by a network of TLD liaison officers in all legislative committees - committee administrators tasked with following activities in Congress concerning their respective committee's field, and serving as contact point for specific queries from both sides.

- On the US side, arrangements have always been much more informal. The House Subcommittee on Europe (which covers more than just the EU) designates a chairperson for the TLD delegation. The remainder of that delegation however is not established permanently, but signs up to individual visits depending on the meetings' agenda and their own availability. This means that the degree of US participation in the process very much depends on individual members' (and staffers') personal commitment. Under these circumstances, election periods (every two years in the US system) often see a noticeable slackening of transatlantic activity, while a change of majority such as recently witnessed may disrupt proceedings altogether. The traditional reticence of the US Senate to engage in joint activities with the House of Representatives further complicates matters, as it would be essential to include the Senators, with their powers of oversight over foreign policy and trade, in the TLD process.

The asymmetry also extends to staff exchanges which were intended to support the Dialogue: Whereas a sizeable group of EP committee administrators had the opportunity to experience first-hand the workings of Congress, return visits have been limited to brief ad-hoc stays by individual (partisan) staffers or (non-partisan) researchers from the Library of Congress.

The practical fallout from this structural imbalance was felt in May 2007, when the planned 63rd TLD meeting in Berlin had to be cancelled at short notice because, due to a number of competing Congressional delegations abroad during that week and resulting logistical bottlenecks, only two Members of Congress would have been able to attend, against over thirty MEPs who had registered for the event.

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<sup>1</sup> Resolutions: P5\_TA(2004)0375 adopted on 22 April 2004; P6\_TA(2005)0007 adopted on 13 January 2005; P6\_TA(2005)0238 adopted on 9 June 2005; P6\_TA(2006)0239 adopted on 1 June 2006.

<sup>2</sup> Since september 2005, these are: INTA, ECON, ENVI, ITRE, IMCO, TRAN, AGRI, CULT and LIBE.

That this was merely an organisational glitch and not a change in attitude towards the EP is obvious from the continued excellent quality of EP committees' exchanges with their counterparts in Congress and the US Administration: The Civil Liberties Committee had very fruitful exchanges on data protection (PNR) in Washington during a visit in April, which was followed up with the appearance of Homeland Security Secretary Chertoff in committee on 14 May in Brussels. The Committee on Economic and Monetary Affairs will visit the US in July and is expected to meet the full range of agencies intervening in financial markets regulation, in addition to its congressional counterparts. Even House Foreign Affairs chairman Lantos, for all his harsh criticism of what he sees as Europeans' lack of commitment, is passionate about the need to *"renew the great transatlantic alliance...We cannot afford to miss any more opportunities"*<sup>1</sup>

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<sup>1</sup> Remarks at Hearing "Deal or no Deal: The State of the Trans-Atlantic Relationship", 14 June 2007



## CONCLUSION: THE CURRENT OUTLOOK

It is then no more than an unfortunate coincidence that the April 2007 Summit was not, as had been intended, closely followed by a TLD meeting which could have publicly endorsed the Framework and sent a strong signal of support for the TEC project. While not the binding instrument under international law which Parliament's recent resolutions called for, the Framework for advancing transatlantic economic integration is a document of "*shared understandings*" at the highest level, signed by the US President, the President of the European Council and the President of the European Commission. It gains further importance from the fact that with failure of the multilateral trade talks all but certain, attention naturally focusses on the largest bilateral relationship.

Furthermore, by establishing the Transatlantic Economic Council (TEC), the Framework explicitly raises transatlantic economic integration to a cabinet-level priority, providing a clear focus and a new impetus for the various actions in the field of regulatory cooperation. It could thus very well be the decisive step towards realising the full growth potential of the transatlantic market - up to 3% of GDP growth for either partner, according to recent research<sup>1</sup>, with knock-on effects of up to 1.5% of GDP growth for other countries.

In organisational terms, besides Commission VP Verheugen and NEC Director Hubbard as co-chairmen, the TEC is expected to include Commissioners McCreevy, Mandelson and Ferrero-Waldner together with US Trade Representative Schwab, Secretary of Commerce Gutierrez and Treasury Secretary Paulson as permanent members<sup>2</sup>. Other Commissioners, resp. members of the US cabinet, could and would be drawn into the council's activities as and when their portfolios are concerned.

With regard to the role of legislators, the Framework explicitly mentions facilitating closer cooperation between legislators (and stakeholders) as one of the tasks of the new body, which is to convene "*a group comprised of individuals experienced in transatlantic issues drawing in particular from the heads of existing dialogues*". In the aftermath of the Summit, this clause has been translated into an invitation for the EP chairman of the Transatlantic Legislators' Dialogue, MEP Jonathan Evans (EPP-ED, UK) to join the TEC *Group of Advisers*, together with his counterpart from the US Congress and representatives of the Transatlantic Business Dialogue and the Transatlantic Consumers' Dialogue.

This direct participation of TLD representatives in the upcoming work of the Transatlantic Economic Council constitutes a major success for legislators' patient insistence that as the directly elected representatives of the citizens who produce and consume on both sides of the Atlantic, they have a legitimate role to play in shaping the transatlantic economy, as well as transatlantic relations more broadly. In particular, it will afford MEPs an opportunity to weigh in on future additions to the list of "lighthouse" projects, as well as to draw the council's attention to issues close to citizens' hearts, such as visa restrictions and data protection, which impinge on the smooth flow of economic relations.

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<sup>1</sup> OECD Economics Department: *Working Paper "The Benefits Of Liberalising Product Markets And Reducing Barriers To International Trade and Investment : The Case of The United States and the European Union"*. May 2005

<sup>2</sup> Financial Times: "*Top-level transatlantic economic body to be unveiled*" - article of 21 June 2007

Regular participation in the Group of Advisers, and preparation for its exchanges with the TEC, will also hopefully provide a clear focus for re-launching the TLD and supporting it with a more permanent structure on the US side, thereby ensuring a more balanced presence at TLD meetings. Given the preference in Congress for informal, ad-hoc arrangements, it may not be easy to convince US lawmakers of a more permanent arrangement. However the prospect of having to accompany the two executive branches' TEC activities from a parliamentary angle should help in making apparent the need for just such an arrangement.

Indeed, for all the justified satisfaction at having achieved official recognition as a key contributor to "government-to-government efforts", Parliament and Congress may well seek to move from advisor to counterpart status. Without prejudice to the TLD participation in the Group of Advisers, one could envisage for example that the TEC co-chair for the hosting side would regularly address future TLD meetings on progress achieved.

While the time for a "transatlantic assembly" as called for in recent EP resolutions has probably not yet come, regular and continuous interaction with the new Transatlantic Economic Council could thus provide the catalyst for a more permanent, parliamentary transatlantic structure. Eventually, such a structure may in turn become an increasingly valuable partner for the governments' activities, as has been happening in the context of NATO, the G8 and even the United Nations.

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