

TOWARD TRANSATLANTIC PARTNERSHIP

THE PARTNERSHIP PROJECT

TPN

TRANSATLANTIC POLICY NETWORK

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TPN FOREWORD

It has been 36 months since TPN came into being as a single organisation of politicians and business leaders from both sides of the Atlantic. Our mission from the outset has been to stimulate a recasting of the Transatlantic relationship so that it continues to serve the shared interests of Europeans and Americans as the world changes beyond all recognition from the world that gave birth to the NATO Alliance.

To this end, a year ago TPN European members addressed a strategy recommendation to European leaders calling for a transition from Europe's predominantly defence-based relationship with the United States to a broader and more balanced transatlantic political partnership*. Since then, these ideas have been widely circulated and debated within the Network, with interim conclusions feeding into political, governmental, business and academic leadership groups on both sides of the Atlantic.

Now, as 1996 approaches, we are greatly encouraged to see that Transatlantic relations have emerged as a widely-voiced political priority in Europe and the United States. During the first half of 1995, European Commission President Jacques Santer called for a genuine Transatlantic Treaty, British Defence Secretary Malcolm Rifkind propounded a vision of an 'Atlantic Community', and Daimler-Benz CEO Edzard Reuter (among others), proposed a Transatlantic free trade area. Other European voices calling for new Transatlantic initiatives included German Foreign Minister Klaus Kinkel and EU External Affairs Commissioner Sir Leon Brittan. In the US, these ideas were echoed notably by Speaker of the House Newt Gingrich and Secretary of State Warren Christopher, who called for a major new Transatlantic initiative.

In response, at their June EU/US summit Presidents Clinton, Chirac (then President of the EU Council) and Santer appointed a joint Senior Level Representatives Group of EU and US administration officials to take the political initiative forward. The prospect is now for more explicit presidential commitments to joint action, perhaps as early as the next EU/US summit this coming December. And in advance of Seville, hosted by the Spanish government, convened by the European Commission and the US Department of Commerce, and involving over 100 European and American business leaders.

In short, the Transatlantic 'movement' is rapidly gathering momentum in both Europe and the United States. The purpose of this document is to put forward a considered view on where we should go from here, why and how. As usual, in preparing this document the Rapporteurs intend to reflect the conclusions of a series of seminars and meetings held in Europe and the United States. It does not necessarily reflect the views of individual TPN members, participants or cooperating organisations.

* *TPN Report: Toward Transatlantic Partnership: A European Strategy. Published November 1994.*

A. WHY TRANSATLANTIC PARTNERSHIP?

This TPN strategy recommendation is founded on a vision of strong, balanced partnership between Europe and the United States, spanning the range of our common political, economic and security interests. In this vision, our partnership is a core feature of the new XXIst century world order and a dynamic force for ensuring the global conditions vital to the physical and economic security of Europeans and Americans alike. These conditions clearly include:

- **Global political stability**
- **The defence and spread of democratic values and systems of government**
- **The strengthening of civil society 'at home' and around the world**
- **Global economic growth and social development, built on an open and competitive environment for trade and investment**
- **Defence capabilities adequate to meet future security threats**

Creating a Transatlantic partnership equal to this task is admittedly – and by any measure of current political perceptions in either Europe or the United States – an ambitious goal. But there is growing conviction that nothing less will adequately equip future generations of European and American leaders with the global leadership capability necessary to meet their responsibilities to their citizens. That is why we believe it now falls to this Atlantic generation to set course toward Transatlantic partnership laid out in this recommendation.

We also believe it is essential at the outset to repeat two central messages of TPN's European strategy recommendation of one year ago:

- A broad and balanced partnership between Europe and the US can only be joined on the European side through collective participation via the European Union. The path to Transatlantic partnership recommended in the following pages therefore remains predicated on continued progress by the EU member states toward the goals agreed in their Union treaty. Key among these will be the progressive development of common foreign and security policies and their linkage through the West European Union to a more coherent European defence pillar in NATO.
- The twin processes of NATO and EU enlargement now underway must begin to take political account of each other, because the political stability and economic strength necessary for newly independent Central and Eastern European countries to shoulder the obligations of NATO membership can only come through sustained economic and social development. That development in turn will depend largely on their future economic relations with the European Union.

For these reasons, moreover, American support for NATO enlargement and American support for stronger political and economic partnership with Europe cannot be disassociated from American support for a stronger European Union. But, again, the responsibility for fulfilling this prerequisite for partnership (and dispelling legitimate American doubts centered on it) continues to lie squarely with the EU member states to devise an effective policy making process.

B. WHAT ARE THE POLITICAL CHALLENGES AND CONDITIONS TO BE MET?

TPN members and high-level administration contributors have focused attention during the course of this year on the underlying reasons for the evident surge of political interest in a new Atlanticism. This process leads us to conclude that spreading perceptions off three principal needs – or 'common challenges' – are fuelling this surge, and that our strategy must respond to all three. These common challenges are:

1 The need to respond to political uncertainties in the NATO Alliance:

Maintaining the strength, coherence and relevance of our defence alliance in the face of changing security preoccupations and possible membership expansion is widely seen as essential to the future strength of Transatlantic political relations.

2 The need to link the political, economic and security interests of Europe and the United States:

Economic issues and interests have a growing political weight in all aspects of Transatlantic relations. Moreover, Transatlantic partners' political, economic and security concerns increasingly influence each other. Linking them in a broader political framework is the only way to ensure that their interactions are mutually reinforcing and serve a greater common purpose.

3 The need to manage the interplay of partners' global interests:

There is likewise widespread and growing recognition that the success of partners' respective international policies will increasingly depend on Transatlantic cooperation. At the same time, the risk of Transatlantic conflict over partners' multilateral political and economic interests, and over relations with specific third countries, is growing.

Perceived priorities in this context today include:

- The need for regional stability in certain parts of the world, notably in Russia and CIS states, Central and Eastern Europe, the Middle East and North Africa;
- The need to adapt the global economic management system (the WTO and the Bretton Woods institutions) to the new realities of the global economy;
- The need for stable monetary conditions.

The strategy to meet these three common challenges must, however, respect two key conditions: (1) mechanisms must be foreseen for extending to respective regional economic partners the benefits of new or reinforced bilateral EU/US economic commitments; (2) stronger Transatlantic political and economic relations must reinforce, not weaken, multilateral organisations, especially the WTO.

C. WHERE DO WE GO FROM HERE?

In the light of the foregoing conclusions, TPN members recommend adoption of a well-defined "top-down" political strategy combined with a highly practical and substantive "bottom-up" strategy focused on an action agenda for specific issues of high priority to key constituencies in both Europe and the United States.

FROM THE 'TOP-DOWN'...

From the 'top-down' we should proceed on a step-by-step basis in pursuit of three phased objectives:

1 By December 1999, launch negotiations for a Transatlantic political and economic treaty:

Central to our belief in the ultimate need for a treaty between the European Union and the United States is the conviction that, whatever the substantive Transatlantic interests and issues turn out to be generations hence (and they remain after all unpredictable), the most important task for our generation is to build the partnership framework for dealing effectively with them. Around that framework can then grow the habits of mind, political symbols, traditions of mutual reliance, and dense fabric of personal bonds and experiences which are the living soul of any true partnership.

2 Over the same period make the transition within NATO toward a balanced partnership structure, in step with the progressive development of a stronger and more coherent European defence and security pillar:

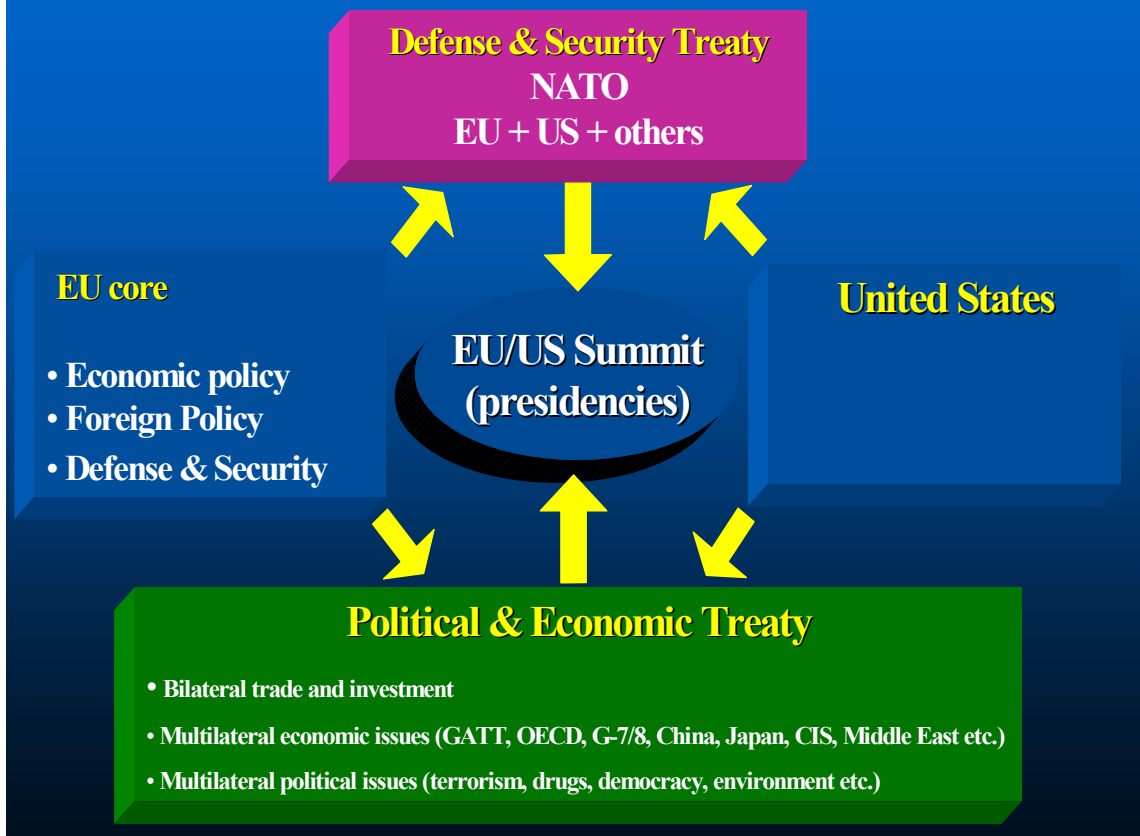
Inherent in meeting this objective is the need for European governments to strengthen Europe's own common defence structures and (as foreseen in the EU treaty) to clarify their future relationship to the Union's common foreign and security policies. The EU Intergovernmental Conference beginning in 1996 provides the opportunity to do so within the end-of-century time horizon.

3 Link these two treaty-based partnerships in a single political framework by early in the next century:

The graphic on page (8) illustrates a vision for achieving this necessary linkage. Its key feature is a single Presidential summit format (today there are NATO summits and separate EU/US summits), and a permanent Senior Level Representatives Group of government officials to oversee these processes.

Again, it is important to emphasise that in this scenario an important issue will be the eventual degree of overlap in the memberships of NATO, the West European Union and the European Union, and how to accommodate inevitable asymmetries (such as neutrality). But the exceptions should not be permitted to frustrate movement toward linkage by a core of members fully participating in both partnership treaties.

A new vision of Transatlantic Partnership



In addition to the presidential summit linkage, it will also be necessary to build:

- Appropriate linkages between inter-Parliamentary mechanisms: today NATO has its own joint parliamentary body (the North Atlantic Assembly), while the European Parliament and the American congress maintain contact via standing or ad hoc delegations for that purpose. These separate instances could, for example hold concurrent sessions as from 1997.
- A flexible framework for conducting an ongoing Transatlantic business dialogue, open to all interested companies and business organisations and linked directly to the political processes of the Transatlantic partnership.
- Mechanisms for other social interests in Europe and the United States (e.g. organised labour and relevant NGO's) to establish their own formal linkages.

Within the overall three-step "top-down" strategy, the most important immediate priority is to set the necessary processes in motion for meeting the end-of-century treaty negotiations objective – quite simply because today it is the missing link. Without a clear commitment to that objective now, the end-century target cannot possibly be met.

Building on the highly productive Transatlantic Declaration of 1990, the next "top-down" step in December 1995 should be a statement of mutual EU/US commitment to these phased political goals.

THE 'BOTTOM-UP' PRIORITY ISSUES AGENDA

With the "top-down" expectation of a Transatlantic political and economic treaty early in the next century, we must simultaneously begin to move purposefully on the "bottom-up" agenda of today's issues most able to win the support of key constituencies in Europe and the United States. If we cannot generate this practical demonstration of what we are seeking to achieve through the "top-down" political process, and thereby also establish a real momentum in Transatlantic cooperation, we will fail.

In this effort, priority must be assigned to those issues of greatest direct relevance and political benefit to important interest groups. And, in order to build support on both sides of the Atlantic for our longer-term partnership objective, priority issues at this stage must offer clear "win-win" potential for both European and American interests – i.e. where progress is feasible. Issues likely to provoke conflict should be left to later stages.

TPN members have devoted considerable effort to identifying political and economic issues satisfying those criteria. A proposed agenda appears in the Annexes to this strategy recommendation. Readers are invited to review them with the following thoughts in mind:

POLITICAL ISSUES:

Together we have won the Cold War. It is now not enough, however, simply to pursue economic growth at home and abroad. That alone will not preserve our civil societies. Attention will also have to be devoted to issues such as those identified in Annex 1. They go to the heart of widespread public concerns in both Europe and the United States. These concerns are rooted in growing perceptions of personal vulnerability in the face of unprecedented economic upheaval and social instability, and are therefore recognised by many TPN participants to be far more potent politically than most economic policy issues per se.

ECONOMIC ISSUES:

TPN business members have no doubt that tangible progress on the priority economic issues set out in Annex 2 will generate strong Transatlantic business support for broader political objectives of this strategy. In this context, three points need to be stressed:

- Building broad based Transatlantic business support for our common political objectives requires that room be made at the tables of state for economic interests. This applies in both the developed and developing worlds, and particularly today in Central and Eastern Europe and the Middle East.
- Bilateral business issue priorities should be set together in the framework of a broader medium-term bilateral trade and investment policy objective – the creation of a "Transatlantic Economic Area" (TEA). The TEA as a clear policy goal powerful enough to attract and focus strong business interest. And at the same time it is a concept flexible enough to allow for the staging of trade and investment liberalisation over time, through the step-by-step development of a more homogeneous business policy and regulatory environment.
- Progress on the priority economic issues set out in Annex 2 must in no way be seen as a prior political condition for setting the political and economic treaty objective and the end-1999 target for negotiations to commence. To the contrary, it is undoubtedly the case that significant progress on specific issues between now and then can only be expected once the impulse of the political commitment to the treaty objective has been delivered. That commitment is the launch vehicle – today's priority political and economic issues are the first payload.

D.HOW DO WE GO FORWARD FROM HERE?

We are headed for turbulent political times on both sides of the Atlantic over the coming 18 months. 1996 is a Presidential election year in the United States. In Europe, EU member states will convene in Intergovernmental Conference during 1996 to set their future course in policy areas affecting the Transatlantic partnership as envisioned in this strategy recommendation. We must therefore proceed in a realistic and practical step-by-step manner. We propose:

- **To use the semi-annual EU/US summit to chart the course, set the interim objectives and monitor progress.**
- **To establish the present Senior Level Representatives Group of EU and US administration officials as a permanent body to oversee the intergovernmental processes and to prepare the Transatlantic summits.**
 - **To encourage more frequent regular meetings at the sub-cabinet level to help prioritise the Transatlantic agenda.**
- **To establish a flexible framework for a continuing Transatlantic business dialogue to help steer and oversee progress toward creation of the Transatlantic Economic Area.**
 - **To develop congressional and parliamentary initiatives to broaden political support on both sides of the Atlantic.**
- **To create on-going communications programmes on both sides of the Atlantic to build and maintain public understanding and support for these initiatives.**

Priority Transatlantic political issues must satisfy the criterion of high relevance to European and American publics, and must be feasible. We recommend the following four:

- Greater cooperation to promote **regional stability in priority areas of the world** through cooperation in development aid, humanitarian assistance and policy toward the involvement of multilateral institutions (e.g. UN agencies and operations): Current shared priority areas include Russia and CIS States, Central and Eastern Europe, the Middle East and North Africa.
- Cooperation in **high-profile science and technology projects** of global significance: certain major S & T objectives, such as space exploration, require public leadership and public funding due to their size, scope or risk. Transatlantic partnership for such projects can capture the public imagination provided they are ambitious and auger benefits for all mankind.
- Cooperation on **environmental policy strategies**: These can win broad public and business support provided they are based on sound scientific principles for sustainable growth. One pressing priority is the need to reduce the risks from poorly designed or maintained nuclear power reactors in the CIS.
- Joint programmes involving the public and private sectors in the fields of **education and culture**: Nothing can be more constructive for long-term partnership than initiatives such as educational exchanges benefiting our younger generations and helping them to learn more about each other.

Two further issues which appear to be of the very highest relevance to European and Americans but for which the European Union requires greater competence to make Transatlantic cooperation feasible are:

- **The threat from organised international crime** (especially drug-trafficking): Entrenched criminal organisations operating from sanctuaries where state counter-measures are ineffectual or non-existent are rapidly expanding across international borders as these open to legitimate commerce and international travel. This is a widely perceived threat to the long-term viability of our civil societies and market economies.
- **The threat from nuclear proliferation**: Recent arms control efforts by the United States and European governments have been at best poorly perceived and poorly understood by the public, and at worst poorly conceived, coordinated and executed by our governments. Competing commercial interests can also frustrate a common front. A major upgrade in the scale, profile and efficacy of Transatlantic efforts at political, diplomatic and surveillance levels is called for.

TPN business members recommend priority action in four issues areas. Each of these has high Transatlantic "win-win" potential, particularly if pursued with full business involvement through appropriate mechanisms. Each of these issues also has varying degrees of multi-sectoral appeal. This allows for a further subdivision of initiative by sector, thereby extending the potential business involvement in the broader political push toward Transatlantic partnership.

- **A mutual recognition accord for standard, certification and testing**

Mutual recognition of certification and testing for compliance with existing standards, leading where possible to accelerated harmonisation of standards, would cut costs and greatly facilitate market access, and would also go a long way toward establishing global norms that could stimulate two-way trade between third countries and both America and Europe. Success in this effort would also be a stepping stone toward a medium term goal of full mutual recognition of product and other regulatory approvals in certain sectors, the benefit of which could be enormous.

This proposal has the broadest consensus support among TPN business members. Already the topic of an ongoing EU-US inter-governmental dialogue, this issue requires greater clarity in terms of its specific objectives, a broader base of active business involvement, and the impetus of high level political endorsement to come to some rapid resolution.

- **An information society agreement**

Following up on the recommendations of the G7 Business Roundtable on the global Information Society, TPN urges Europe and the United States to take a joint lead in liberalising trade and investment in business sectors likely to be at the core of the 21st century information society.

An Information Society agreement should cut across a range of issues involving, but not limited to, mutual recognition of standards, deregulation of the provision of information services, the application of competition rules in sectors traditionally characterised by exclusive rights, national treatment in government procurement, and harmonised intellectual property rights.

A bilateral commitment to these goals should follow closely on and build upon completion of the WTO multilateral negotiations on basic telecommunications services and infrastructure scheduled to conclude in 1996.

- **An investment liberalisation initiative**

TPN strongly endorses the OECD effort to establish a Multilateral Investment Agreement and the goal of broadening this accord through the WTO. The US and the EU should adopt a common stance in these discussions, based on unconditional national treatment. Moreover, wherever possible the EU and the US should make it a bilateral priority to move further faster to eliminate remaining transatlantic investment barriers in all sectors of the economy.

- **Closer multilateral economic cooperation**

The economic well-being of the nations of the transatlantic alliance is increasingly determined by events that take place outside the Atlantic region. Recognising this and as a first concrete initiative, TPN supports increased and higher profile US-EU cooperation in helping the countries of Central and Eastern Europe make the transition to market economies. Such efforts should include encouragement of greater private sector investment, where prudent, cooperation rather than competition in aid funding (e.g. by coordinating funding strategies and by relaxing restrictions on participation in aid-funded projects by partners' nationals), and the avoidance of trade distorting special economic arrangements.

THE T.E.A. HORIZON

To make significant progress by the end of the century toward the creation of a Transatlantic Economic Area, effort should be focused on three priority objectives:

- **Accelerated convergence of the business environment**

To build on achievement in the short term, TPN supports efforts to enhance the climate for trade and investment on both sides of the Atlantic. In the medium term, these efforts could include regulatory convergence, elimination of discriminatory taxation provisions, national treatment in public procurement, and protection of intellectual property rights (notably focusing on their trade impacts).

- **Greater cooperation on competition policy**

TPN advocates greater US-EU cooperation on competition policy – building on the EU-US administrative agreement and coordination in recent high profile anti-trust cases. This effort could help clarify basic anti-trust principles and lead to more predictable and consistent application of these principles. Cooperation on this front would also build toward future multilateral competition policy coordination.

- **Multilateral and third country cooperation**

The EU and the US should strive to create processes and mechanisms able to stabilise exchange rates, to co-ordinate political and economic efforts in Central and Eastern Europe and to evolve a common approach to further opening of the markets of Japan and East Asia. They should also work in concert to integrate Russia, China and India into the global economic system. And they should cooperate to build and strengthen multilateral economic institutions, helping to re-engineer them to the realities of the 21st century economy.

TRANSATLANTIC POLICY NETWORK (TPN)

The Transatlantic Policy Network (TPN) brings together European and American business leaders as well as members of the European Parliament and the United States Congress and academics. It is a non-profit, politically independent organisation.

TPN enjoys high level support.

Peter Sutherland, former Director General GATT serves as the Honorary President in Europe while Ambassador Robert Strauss is the Honorary President in the United States.

TPN operates with a broad constituency of business interest both in terms of geography and sector.

The Membership includes 18 of the most prominent global companies.

Parallel to the business interest, there are 37 members of the TPN in the European Parliament who are drawn from the major political groups and most of the EU member states.

In addition, the TPN Congressional Group has 23 Members of the United States Congress committed to the objectives of the network.

All TPN members support the overall objectives and activities of the TPN, in particular the importance of a strong and vibrant relationship between the EU and the US.

This means contributing actively to the creation and preservation of market economies and of an open, multilateral system of trade and investment.

As a network devoted to communication and concerted policy action across the Atlantic, TPN provides a continuing mechanism for dialogue on specific issues as well as policy convergence between the EU and the US.