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CHAIRMEN'S FOREWORD

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Six years ago, TPN came into being and now functions as a single organisation of political and business leaders from both sides of the Atlantic. Our mission today remains what it has been from the outset: to ensure that the Transatlantic relationship continues to serve the interests of our citizens as well over the next fifty years as it has since the birth of the NATO Alliance a half century ago.

This third TPN Partnership report, building on our seminal 1994 and 1995 recommendations, sets out the TPN vision of future transatlantic partnership in more explicit terms, and makes new strategy recommendations based on recent progress and current political conditions.

In the decade since the Berlin wall came down, our agenda of common and competing interests has expanded rapidly, as has bilateral trade and investment. At the same time, the European Union has emerged as a global economic power on a par with the United States, and will dispose of its own single currency within a few short months. Nevertheless, until very recently it had become deceptively easy to take post-cold-war transatlantic relations for granted. Outside of TPN circles, it is fair to say there has been little urgency for redefining common transatlantic purposes and recasting mutual commitments as the common threat, which gave birth to NATO, dissipated.

But such complacency is now suddenly giving way in the face of recent global economic turbulence, political instability and armed conflict in different parts of the world. Current events in Russia in particular now call for close cooperation between Europe and America.

As the effects of these conditions strike home, our citizens, media and business leaders increasingly remark the absence of strong, coordinated western leadership and institutions able to deal with them effectively. Indeed, one commentator in a general interest publication recently
called for the creation of 'an economic NATO' – implicit recognition that our collective security no longer depends exclusively on military alliance. These new perceptions present us with an immediate political opportunity if we act decisively, and a growing long-term political risk if we do not.

The opportunity is to harness the growing collective powers of Europe to the long-established powers of the United States in a broadly based XXIst century transatlantic partnership. Central to that vision is the TPN concept of 'linkage', by which we mean linking our growing political and economic interests with our long-standing common defence and security structures through a comprehensive political framework. This will enable us to pursue our common global interests through joint action exploiting the full range of political, economic and security instruments at our collective disposal.

The risk is that we repeatedly fail to respond in a more unified way to events, fail to establish a partnership framework through which we can fulfil the social and economic promise of globalisation, and fail to rebalance transatlantic burden-sharing and power-sharing within our security alliance to better reflect Europe's economic strength. In that scenario, US perceptions of vital national interest in defending a complacent Europe wane, while our economic relationship drifts toward embittered conflict, competition and mutual distrust in the transatlantic market around the world. That is a recipe for dividing not just our political leaderships, but ultimately our peoples.

The price of future western disunity may be incalculable, but at least there is now growing recognition that it is not unimaginable, that we are going to have to work much more closely together to preserve our core political values in this rapidly changing world. The good news is that we are on the right track. The sustained efforts of TPN participants, along with many others, have produced intensifying transatlantic dialogue, collaboration and understanding across a broader front than ever before. The foundations have been laid for a quantum leap. Global conditions demand it, and the circumstances of history favour it. We come together next Spring in Washington to commemorate 50 years of NATO Alliance. Fifty years from now let the record show that the political course for full XXIst century Transatlantic Partnership was set at the same moment.

ENRIQUE BARON CRESPO  LEE HAMILTON  PAT ROBERTS  LEO TINDEMANS

30 September 1998
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This interim report has taken two years to develop.
Its realisation would not have been possible without the continued support and committed involvement of TPN's political, corporate and institutional membership together with invited guests from the administrations and other outside experts.

By giving their time, ideas, encouragement and sponsorship, they have helped to ensure this successful result.

Special thanks must also go to the collective chairmanship of 

MR ENRIQUE BARON CRESPO MEP and MR LEO TINDEMANS MEP 

and 

SENATOR PAT ROBERTS and REPRESENTATIVE LEE HAMILTON 

TPN would also like to express warm thanks for their generous contributions, support and involvement to:

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Finally, this report is intended to reflect the conclusions of a series of seminars, meetings and video conferences held in the EU and the US. It does not necessarily reflect the views of each individual participant or organisation.
CHAPTER I
SUMMARY OF RECOMMENDATIONS

The continuing need for redefinition
The transatlantic relationship has become more important to our governments, but also more diffuse, complex and difficult to comprehend, less politically central, and less preoccupying compared with the cold war era. At the same time, the traditional boundary between our hard security interests and our many other common interests is breaking down.

We need a broader political rationale, an expanded definition of the basis for Atlantic relations consistent with the new realities and a more substantive and coherent institutional framework to sustain those relations well into the next century.

The foundations of future transatlantic partnership
In 1994, TPN recommended building a strong, balanced XXIst century transatlantic partnership on four 'pillars' of common future interest:

- Common bilateral economic interests.
- Common multilateral economic interests.
- Common multilateral political interests.
- Common defence & security interests.

We also recommended building mutually reinforcing linkages between these pillars. 'These political linkages,' we observed, 'are increasingly dynamic and powerful. They must therefore now be harnessed to a higher common purpose within a strong transatlantic partnership. Left to pull randomly in different directions, they are certain to become divisive and destructive.'

Based on that analysis, in 1995 we presented a longer-term vision of transatlantic partnership comprising three components:

- A treaty framework for EU/US political and economic partnership.
- A more coherent collective European identity within NATO.
- Political and operational mechanisms to link these 'parallel' treaty based partnerships.

Toward political and economic partnership
Our two priorities now must be: 1) to broaden the substantive scope of transatlantic political and economic dialogue and joint action in response to new pressures, and 2) to build a political dimension into that partnership process. To achieve these interim objectives, we continue to endorse the proven TPN 'bottom-up/top-down' strategy, with primary emphasis on the substantive, issue-specific, bottom-up effort.
**Bottom-up:** Much progress has been made on specific issues under the New Transatlantic Agenda (NTA) for joint action agreed by the EU and US Presidencies in December 1995. That effort must continue. But we also now need to broaden the substantive scope of the transatlantic agenda, in response to new pressures in the following areas:

- Monetary affairs after the start of the European Economic and Monetary Union.
- New regulatory barriers to bilateral trade and investment.
- 3rd country cooperation.

The necessary new political dimension can also be introduced through 'bottom-up' initiatives. The four recently inaugurated, issue-specific TPN Working Groups, co-chaired by members of the Congress and the EP and supported by business members, are now pioneering this concept. The four are: the transatlantic marketplace; monetary dialogue; science & technology cooperation; Ukraine.

**Top-down:** The NTA framework itself now needs to be strengthened, not just by expanding its scope to accommodate new transatlantic pressures, but also by building the political dimension more firmly into the process. We therefore recommend turning the NTA into a 'Transatlantic Partnership Agreement' (TPA) by end 1999, through the following steps:

- Autumn 1998: Support the launch of the Transatlantic Economic Partnership (TEP), as a key component of the future TPA.
- 1999: At first-half '99 EU/US summit in Bonn, agree to start negotiations on the future TPA, based on progress toward the TEP and other specific political and economic cooperation on highest priority common concerns (especially Russia).

**Toward full transatlantic partnership: the TPN 'Cooperation Project'**

On neither side is there yet political consensus on how to further develop the transatlantic defence and security partnership. A broad and balanced 'linked' partnership ultimately depends on:

1) developing the European foreign, security and defence identities inside the EU, and
2) the willingness of American political leaders to accept that accommodating a stronger, more coherent European political partners serves – rather than threatens – America's own future interests.

The progressive emergence of a parallel treaty framework for EU/US political and economic partnership will favour that development. Meanwhile, informal EU/NATO contacts in TPN's 'Cooperation Project' have proved valuable.
Given these circumstances, we recommend the following bottom-up and top-down steps toward the longer-term goal:

**Bottom-up:** Initiate active, organised working-level information exchange and cooperation between the EU (established competences) and NATO on the following priorities:

- **Geographical:** Russia/Ukraine/Bosnia-Kosovo-Balkans/Turkey/ North African-Eastern Mediterranean.
- **Common issues:** Enlargements/Transformation of newly independent societies/Democratic institutions/Post-conflict/New risks/Defence industries and trade/Disaster relief - civil emergency planning.

**Top-down:** To make steady progress toward an eventual 'linked' partnership framework:

- **Short-term:** The NATO 50th anniversary summit and Declaration next Spring in Washington, and 1st half 1999 EU/US summit, should each contain appropriate mutual references and official conclusions recognising the growing need for both practical EU/NATO cooperation and for a more comprehensive concept of Transatlantic Partnership. Begin now to align priorities and efforts by the US and European governments acting together through NATO, the OSCE, the G-8, and the NTA.

- **Medium-term:** begin a summit-driven process, based on a commitment from next year's NATO and Transatlantic summits to produce input documents as the basis for a joint summit in December 2001 (EU/US summit will involve the Belgian Presidency for the EU). This process should be issue-driven but also address options for the longer-term comprehensive Partnership framework.

- **Longer-term:** EU governments must develop the Amsterdam Treaty provisions for Common Foreign and Security Policy, with particular emphasis on shared transatlantic priorities, on clarifying the EU/WEU/NATO interfaces, and on EU/NATO cooperation.
CHAPTER II
THE CONTINUING NEED FOR REDEFINITION

In the Foreword to our mid-1995 Partnership report, we observed that 'the transatlantic movement is rapidly gathering momentum in both Europe and the United States.' And indeed, in December of that year the EU and US Presidencies proceeded to adopt the New Transatlantic Agenda, committing themselves to joint action on a wide range of political and economic common interests – both bilateral and global.

But we must also recognise that, although the transatlantic relationship has actually become more important to governments on both sides of the Atlantic, it has also become more diffuse, complex and difficult to comprehend, less politically central, and less preoccupying compared with the cold war era. Those realities risk blinding us to the continuing need – and diverting us from the continuing effort – to redefine and reorganise our partnership to meet the future challenges of our rapidly changing and uncertain world.

Three years on, and as this report confirms, much practical progress has been made. The Transatlantic agenda has indeed become much broader, and transatlantic dialogue much more intense on many specific issues. Over the same period, the Transatlantic Business Dialogue has become a fundamental instrument for identifying and taking forward the many common interests of our business communities.

Common security challenges

The transformation of European and world order over the past decade has diffused western security challenges. We have by now lost much of the sense of the shared strategic interests which bound European and American elites together throughout the Cold War. Today, European states and their North American allies are cooperating in many ways to promote international order both within the European region and outside. But their governments are less confident of the overall rationale, framework and public support for such cooperation, and have not yet been able to translate it into a firm new political foundation for mutual trust and partnership.

Both the United States and West European governments are working to promote democratisation in former socialist states, and to retrain their military and police forces. In southeastern Europe, the eastern Mediterranean and the Middle East Atlantic governments are struggling to agree on common responses, sometimes against sharply divergent domestic pressures. It has not proved easy to agree on how best to share either the responsibility for decisions or the costs of their implementation. Nuclear proliferation, and the threatened spread of other weapons of mass destruction, also raise difficult questions over appropriate political venues and policy responses, and thus pose challenges for transatlantic cooperation, as do violent anti-western extremist movements. The shrinking of global arms markets, and the consolidation of the arms industry in the USA and in Western Europe, risks sharper transatlantic competition in a highly sensitive sector. Meanwhile, the effort to promote stability, political legitimacy and renewal in Russia and other former Soviet states continues to command priority at the core of the Alliance.
Economic challenges

Meanwhile, our economic relations continue to expand and intensify, underpinned by large and balanced two-way flows of foreign investment and trade in goods and services, while the agenda for transatlantic political dialogue is rapidly widening in response to forces of globalisation. And, as the recent Bertelsmann/Random House, Daimler/Chrysler, and BP/Amoco deals testify, our business communities are now driving the creation of a much more integrated, single transatlantic marketplace, putting new pressures on transatlantic differences in fiscal, competition and regulatory policies.

The fight against international crime, from money laundering to drug smuggling, is now an active common concern. Environmental issues, genetic engineering, the regulation of electronic commerce and of transnational mergers, increasingly complicate the management of transatlantic economic relations. And now the emergence of a single European currency from 1999 looks likely to alter the balance of global reserves and international monetary management. US external monetary policy could be constrained as a second major reserve currency develops, raising new questions about sharing of decisions, costs and benefits.

Faced with increasing domestic pressures to act unilaterally in responding to such challenges, political leadership on both sides of the Atlantic will increasingly need active consultations to avoid damaging each other's interests – particularly where they unavoidably cut into each other's domestic politics. Moreover, on most of these issues, American and European actors constitute the most important global players, making transatlantic cooperation the only practical way to extend and strengthen global rules and disciplines.

In short, economic globalisation is rapidly extending the range of our common political interests and mutual dependence. Moreover, the global repercussions of on-going economic crises in Asia and Russia make the need for more concerted international leadership and management evident and urgent. But, as with our new common security challenges, these new economic challenges have not yet been translated into a firm new political foundation for future transatlantic partnership either.

Linkage

These new realities in themselves create the need for redefinition of transatlantic relations. But there is another: the old inviolable cold-war boundary between our hard security interests and our many other common interests is breaking down. Increasingly we see 'soft security' value in external economic policies and political relations, while economic and political interests increasingly colour perceptions of our respective security interests. But we have yet to create the institutional 'linkage' necessary for managing this new reality.

The growing need for such 'linkage' is most obvious today in the extension of the European Union and of NATO to the former socialist states of central and Eastern Europe. Poland, the Czech Republic and Hungary will join NATO in April 1999; others hope to follow them into membership. At the same time, the
European Union is negotiating entry with five applicant states from the former Soviet bloc (plus Cyprus), with a further five accepted as future candidates. Both organisations will thus be occupied with enlargement over the next decade or more. These must now be treated as complementary processes within a common strategy.

Incorporation of several new members into these multilateral institutions of European and Atlantic order will reshape European international relations, and must also reshape the institutions themselves. Extension of the EU single market and single currency across central and eastern Europe, encompassing a population almost twice that of the United States with a significantly higher GNP, must also alter the political dynamics of the Atlantic relationship and the intergovernmental military alliance which has been for so long its core.

Turkey, Ukraine and Russia, which link Europe with Asia, represent vital shared interests. Turkey is a NATO member and a declared applicant for EU membership, a key western partner for policies toward the Middle East, with unresolved disputes with Greece and over the future of Cyprus. Both NATO and the EU have negotiated partnerships with Russia and Ukraine, to assist the delicate task of political and economic transition. Current conditions in Russia now make a common western approach essential.

Conditions on Europe's periphery also increasingly demand far greater concerted Transatlantic effort and attention within a broader framework. To the south, an arc of actual or potential crisis now extends across North Africa through the Middle East to the Persian Gulf, and connects to preoccupations in Turkey and the former Soviet Republics. Differences of attitude and interest in the Middle East will require careful management. Any unilateral move toward the creation of a Palestinian state in the event of a breakdown in the Oslo peace process next Spring could be viewed with sympathy by many Europeans, and threaten enormous tensions.

In summary ...

The Transatlantic relationship at the end of the XXth century is characterised by a rapidly expanding agenda of common interests, deepening integration in the business world and among other organised non-governmental organisations, a proliferation of inter-governmental contacts and negotiations, and a pattern of recurring public apprehensions and resentments. European and North American governments alike need a mutually confident, broadly defined, well-managed and intensive partnership for the XXIst century.

We well recognise that important steps have already been taken in this direction. But what is now needed is a broader political rationale, an expanded definition of the basis for Atlantic relations consistent with the new realities and a more substantive and coherent institutional framework to sustain those relations well into the next century.
The cold war division in transatlantic relations between military, security and economic interests no longer serves these new post-cold war purposes. Economic and political security unavoidably overlaps. Successful economic transition, accompanied by acceptance into the European single market, is central to the future security of the formal socialist states of central and Eastern Europe. Nuclear safety, environmental pollution, migration and refugees, cross-border crime and financial fraud are at once security issues and matters for international economic policy and regulation.

The broader framework we now need must bring the EU/US dialogue closer to that of the alliance within NATO. It also should facilitate practical cooperation between two organisations a short taxi ride apart but rarely communicating, bringing together different sections of national governments which often communicate poorly among themselves – 'occupying the same town but different planets', in the words of one former NATO Ambassador.
CHAPTER III
THE FOUNDATIONS OF
FUTURE TRANSATLANTIC PARTNERSHIP

TPN was created six years ago to promote and help develop a strong and stable partnership between the United States and Europe, resolutely focused on the future. We are a 'network of networks' with a unique blend of business, political, and academic participants. Our points of analytic departure and continuing frames of reference have been the political and economic dimensions of transatlantic relations, without losing sight of the strategic centrality of the NATO Alliance.

TPN's first strategy recommendation published in 1994 was based on the identification by our European members of four 'pillars' of common future interest upon which a strong and balanced XXIst century Transatlantic partnership with the United States could be built (reproduced in figure 1):

- Common bilateral economic interests.
- Common multilateral economic interests.
- Common multilateral political interests.
- Common defence & security interests.

That analysis underpinned our central 1994 strategy recommendation: '…to create strong, mutually reinforcing linkages between the economic, political and security interests of the European Union and the United States… These political linkages,' we observed, 'are increasingly dynamic and powerful. They must therefore now be harnessed to a higher common purpose within a strong transatlantic partnership. Left to pull randomly in different directions, they are certain to become divisive and destructive.'

In our second published recommendation in 1995 ('Toward Transatlantic Partnership: The Partnership Project'), the TPN membership endorsed a more explicit long-term vision of Partnership, 'spanning the range of our common political, economic and security interests.' The key components in that vision (reproduced in figure 2) were:

- Political and economic partnership based on a treaty framework between the EU and the US setting out partners' mutual expectations, rights and obligations in those policy areas for which the EU is competent.
- Defence and security partnership based on a more coherent collective European identity within NATO ultimately deriving from expanded EU treaty competence for a Common Foreign and Security policy.
• Political and operational mechanisms to link these 'parallel' treaty based partnerships.

In the 1994 report we also endorsed the following strategy to pursue that vision: *Project participants see no need for the creation of new Atlantic institutions.* Rather, we recommend building on what exists through an evolutionary 'twin-track' strategy for eventual linkage of the economic, political and security dimensions of the transatlantic partnership within a balanced political and institutional framework:

**Track 1:** On the economic and political side, progressively adapt the (1990) Transatlantic Declaration in order to expand the political framework of EU/US relations in step with the expanding policy scope of the partnership, and also to provide for necessary institutional modifications or innovations.

**Track 2:** On the defence and security side, progressively restructure NATO around a core transatlantic partnership as a coherent European pillar emerges.'

In the following chapters of this report, we summarise progress to date and offer new recommendations on 'Track 1' (chapter IV), together with new recommendations for continued progress toward linkage between tracks 1 and 2 (chapter V).
FOUR POLITICAL PILLARS FOR A FUTURE TRANSATLANTIC PARTNERSHIP
A new vision of Transatlantic Partnership

**EU core**
- Economic policy
- Foreign Policy
- Defense & Security

**United States**

**EU/US Summit (presidencies)**

**Political & Economic Treaty**
- Bilateral trade and investment
- Multilateral economic issues (GATT, OECD, G-7/8, China, Japan, CIS, Middle East etc.)
- Multilateral political issues (terrorism, drugs, democracy, environment etc.)

**Defense & Security Treaty**

NATO
EU + US + others
CHAPTER IV
TOWARD POLITICAL AND ECONOMIC PARTNERSHIP

1993 – 1998: What have we accomplished?

Building on our 1994 'twin track' strategy recommendation, in our 1995 report we recommend a well-defined 'top-down' political strategy, combined with a highly practical and substantive 'bottom-up', issue-specific strategy, for pursuing a treaty-based political and economic partnership between the European Union and the United States. Developments through mid-1998 on those 'track 1' recommendations have been as follows.

'Top-down'

- In 1995 we called for the launch of 'negotiations for a Transatlantic political and economic treaty' by end-1999 and, as a first decisive step in that direction, gave full support leading up to the Agreement in December 1995 between the EU and US Presidencies to transform their 1990 'Transatlantic Declaration' into a New Transatlantic Agenda (NTA) for joint action (summary in annex 1).

  The new level of commitment and the more robust institutional framework provided by the NTA have resulted in a major intensification of Transatlantic inter-administration dialogue and joint action in a growing number of specific issue areas over the past three years.

- More recently, at the May 1998 EU/US summit in London the Presidencies further committed themselves to define and pursue a 'Transatlantic Economic Partnership' (but not yet to actual marketplace negotiations, as the European Commission had proposed) and to intensified joint political action (18 May conclusions in annex 2).

This commitment followed express interest and support from certain EU member states for moving toward broad transatlantic political partnership, and President Clinton's invocation of future 'Transatlantic Partnership' in his May 1998 speech in Berlin.

'Bottom-up'

In our 1995 recommendation, TPN also called for priority transatlantic dialogue and joint action on the following specific political and economic issues. Several months later, these were taken up for future joint action under the New Transatlantic Agenda.
Political issues:
- Stability in priority areas of the world
- Science & technology projects
- Environmental policy strategies
- Education and culture
- Organised international crime
- Nuclear proliferation

Economic issues:
- Mutual Recognition Agreement
- Information Society Agreement
- Investment liberalisation
- Closer multilateral economic cooperation
- Make progress toward a 'Transatlantic Economic Area', focusing on:
  - Accelerated convergence of the business environment
  - Greater cooperation on competition policy
  - Multilateral and third country cooperation

Over the same period, the Transatlantic Business Dialogue (TABD) has developed into a major new institutionalised force for specific 'bottom-up' joint EU/US actions to further develop and integrate transatlantic and global markets. (The TABD was initiated in late 1994 at the invitation of the two administrations, and identified as a 'bridge-building' priority in the NTA.) Annex 3 contains a summary of progress over the past three years on the 'bottom-up' transatlantic political and economic agenda, as summarised in the Senior Level Group reports to the EU/US Summits.

Where do we go from here?
We have now reached the conclusion that the NTA needs to be strengthened to meet the expanding transatlantic agenda set out in Chapter II of this report. At the same time, we believe the inter-administration and business-to-business dialogues have become insufficient in themselves to take forward joint action on a growing number of issues without involvement and strong political support from Congress and the European Parliament. Our two priorities must therefore now be: 1) to broaden the substantive scope of transatlantic dialogue and joint initiative, and 2) to simultaneously build a political dimension into the process.

We believe decisive progress toward both objectives can be assured over the next year, again through a combined 'top-down/bottom-up' strategy, with particularly strong emphasis on the substantive, issue-specific, bottom-up effort.
'Bottom-up'

The broad agenda of issue-specific dialogue and joint action which has developed under the NTA between the administrations and through the TABD needs to be pursued, reinforced and expanded – notably to address the increasingly preoccupying challenges to the international system that can only be met through much more decisive leadership by the established powers. Urgent new agenda points now include:

- Monetary affairs: The advent of the Euro at the moment of global currency instability carries both risks and opportunities which can only be managed through transatlantic economic and monetary policy dialogue, and cooperation to adapt international financial institutions.

- New domestic regulatory barriers to bilateral trade and investment: Many new barriers to transatlantic market integration are rooted not in classic protection of domestic producer but in other political pressures – as for example for genetically modified foods, or environmental risks.

- 3rd country cooperation: Despite the continuing absence of a functioning Common Foreign and Security Policy, we urgently need a coherent process for transatlantic political cooperation to deal with current threats and opportunities and which takes account of the many 'soft security' policy instruments falling within the competence of the EU.

The expanded, 'bottom-up', transatlantic agenda can then also provide the framework for developing direct, substance-driven, political involvement. This involvement needs be both flexible, practical and rapidly responsive to current interests and concerns of Members of Congress and the European Parliament and their constituencies. And it needs to build wherever possible on progress already achieved under the NTA – notably through the TABD.

The four recently inaugurated, issue-specific TPN Working Groups co-chaired by members of Congress and the EP and supported by business members, are specifically intended to pioneer this concept and to demonstrate its value the four are: the transatlantic marketplace; monetary dialogue; science & technology cooperation; Ukraine. They should now be seen as the experimental vanguard for taking it forward. Annex 4 summarises the TPN Working Group concept.

'Top-down'

At the same time, we need to continue putting in place the broader political framework within which bottom-up efforts can further develop, and through which their cumulative weight and common elements can be marshalled to provide the foundation we need for strong future partnership.

Therefore, we propose to take immediate steps to strengthen the highly productive New Transatlantic Agenda (NTA) by turning it into an expanded and politically endorsed 'Transatlantic Partnership Agreement' (TPA) by the end of 1999. These steps will in themselves be welcomed by Europeans and
Americans as a powerful, reassuring – and overdue – act of joint leadership in the face of growing global volatility. And more fundamentally, they will:

- Create a streamlined mechanism for global monetary cooperation.
- Draw members of the US Congress and the European Parliament in as parties to the full range of transatlantic dialogue.
- Create the precedent and expectation for direct political dialogue between EU and US legislators on specific (bottom-up) NTA issues, while progressively developing the processes and methods; this will in turn ensure that such a framework is already well established as the Common Foreign and Security Policy develops.
- Generate the broader political understanding, involvement, trust and willingness on both sides of the Atlantic to negotiate more formal mutual EU/US commitments on political and economic partnership, and to take the first steps toward linking that framework to the NATO-centric defence and security framework.

In this perspective, it is also important to recall that political bridge building is specifically called for in the NTA itself, but has not yet begun in any formal way. But an important precursor for its development was put in place in Houston this past June, when members of the official bilateral Delegations of Congress and the European Parliament agreed to a proposal to enhance US Congress – European Parliament cooperation (full text in Annex 5). This includes the intention to consider how the existing inter-parliamentary exchanges might be transformed into a de facto 'Transatlantic Assembly'. The rationale behind this proposal was the realisation on both sides in a global economy of the increased number of sensitive subjects that need to be discussed before final decisions are taken on legislation (for example on biotechnology and data protection).

**Recommendations**

To begin the transformation of today's New Transatlantic Agenda into tomorrow's expanded Transatlantic Partnership Agreement, we recommend the following practical steps:

- Autumn 1998: Support the launch of the Transatlantic Economic Partnership (TEP), as a key component of the future TPA.
- 1999: At the first-half’99 EU/US summit in Bonn, agree to start negotiations on the future TPA, based on progress toward the TEP and other specific political and economic cooperation on highest priority common concerns (especially Russia).

These steps need also to be seen as integral parts of our recommendations for 'linkage' at the end of the next chapter.
CHAPTER V
TOWARD FULL TRANSATLANTIC PARTNERSHIP:
THE TPN
'COOPERATION PROJECT'

1993 – 1998: What have we accomplished?

Continued progress toward TPN's vision of full Transatlantic Partnership based on 'linkage' between parallel, treaty-based partnerships depends not just on the further development of our political and economic partnership as foreseen in Chapter IV, but likewise on continued 'transition in NATO toward a balanced partnership structure, in step with the progressive development of a stronger and more coherent European defence and security pillar'. Significant developments since 1993 bearing on that transition include:

- On-going effort within NATO to define a so-called 'European Security and Defence Identity'.
- Concurrent efforts by NATO member governments to agree a 'new strategic concept' for the organisation in time for its 50th anniversary Summit in Washington next April. This focuses primarily on NATO's future out-of-area role and thus begs the question of how to reach political agreement on specific actions.
- Agreement in 1996 by EU member state governments of the Amsterdam Treaty amending the Treaty on European Union. Ratification by all member states is now anticipated by the beginning of 1999.

Despite these developments, and the general agreement that a more coherent 'European pillar' is needed, on neither side of the Atlantic is there yet consensus on how the transatlantic defence and security partnership should develop further.

The incremental Amsterdam Treaty provisions for Common Foreign and Security Policy cannot in the shorter term provide a political basis for EU partnership with the United States, and at a practical level fail to fully define the future relationships between the EU and the WEU, and thus between the EU and NATO. This said, it is important not to lose sight of the CFSP options agreed to by EU governments in Article J.7 of the Amsterdam treaty:

_The Common Foreign and Security Policy shall include all questions relating to the security of the Union, including the progressive framing of a common defence policy...which might lead to a common defence, should the European Council so decide..._

_The WEU is an integral part of the development of the Union providing the Union with access to an operational capability...It supports the Union in framing the defence aspects of the common foreign and_
security policy...The Union shall accordingly foster closer institutional ties with the WEU with a view to the possibility of the integration of the WEU into the Union, should the European Council so decide...

The policy of the Union in accordance with this Article shall not prejudice the specific character of the security and defence policy of certain Member States and shall respect the obligations of certain Member States, which see their common defence realised in NATO...and be compatible with the common security and defence policy established within that framework.'

These concurrent NATO-centric and EU-centric policy processes (both involving the WEU) can be seen as reactions to the same new regional and global forces unleashed by the end of the cold war. They can also reasonably be seen as convergent. But the degree of future convergence will continue to depend on:

1) the willingness of European governments to further pool their foreign policy sovereignty and defence resources in a coherent political framework, and
2) the willingness of American political leaders to accept that accommodating a stronger, more coherent European political partner serves – rather than threatens – America's own future interests. (It is noteworthy that the US administration has in recent months expressed interest in greater NATO/EU dialogue on specific issues.)

In that perspective, debate on the future EU/WEU relationship now looks like becoming more focused in European political circles. Of particular note, the current Italian Presidency of the WEU has proposed a 'WEU/EU Forum' for year-end 1998 to consider the future development of Europe in the area of security and defence in light of the Amsterdam Treaty.

These circumstances call for ever greater clarity of political purpose, combined with resolute action able to generate new understanding of what is actually at stake, and what is possible.

A way forward: The TPN 'Cooperation Project'

Purpose and structure
The TPN 'Cooperation Project' was launched in November 1996 (after 9 months of intensive preparation) as a sustained effort to catalyse thinking on the overall strategic concept and framework for XXIst century Transatlantic partnership linking political, economic and security interests. The Project is proceeding in four phases:

- **Phase I** was completed earlier this year with the compilation and wide circulation of 9 'building block' papers and summary overview of the issues they raise.
- **Phase II** is now complete with the presentation of this interim report and recommendations to the Presidency of the European Union and the US administration in autumn 1998.
- **Phase III** is foreseen to extend through the next EU and US administrations (2000-2004), building political support and commitment for the full Partnership concept and framework,
largely through practical, issue-driven, bottom-up experience as recommended in this interim report.

- **Phase IV**, extending from 2005, should pursue the formalisation of a comprehensive Partnership framework, culminating with formal agreement in 2007 (the 50th anniversary of the signing of the Treaty of Rome).

The 'Cooperation Project' has thus become a key instrument for carrying forward TPN's central purpose – a broad and balanced XXIst century Transatlantic Partnership able to serve the future aspirations and expectations of our citizens in a vastly changed and changing world. The Project has been conducted through a continuous programme of discussion sessions in Brussels and Washington, involving political, business and academic members of the Network, together with invited guests from the administrations and other outside experts.

**PHASE I: Building Blocks**

In December 1997, we presented the 9 'building block' papers contributed by distinguished members of the TPN network (available as a separate document). Key conclusions from our introduction to that compendium were as follows:

- The agenda of transatlantic relations continues to widen and will broaden further in the next few years.
- Enlargement and EMU together redefine important aspects of the relationship, and alter perceptions on both sides of the Atlantic about the character of the 'transatlantic bargain'.
- Closer consultations between European and American policy-makers will be essential, resting upon a new consensus about the relationship between domestic and international monetary policies on both sides of the Atlantic.
- Enlargement of both the EU and NATO will preoccupy member governments through successive rounds of negotiations for the next 10-15 years...We need a much more active dialogue about the future institutional structure of a transformed Europe, and about the respective roles of NATO and the EU.
- The transformation of Europe through enlargement makes the development of an effective European (defence and security) pillar, as the basis for closer and more equally-balanced transatlantic partnership, more urgent...An active dialogue on the distribution of costs and benefits of Atlantic partnership is essential as enlargement proceeds.
- Negotiation of enlargement will also require continued attention to the implications of the bargains struck for the wider Atlantic and global economy.
- A more active public dialogue is needed...to educate voters about what is at stake in transatlantic partnership and the pursuit of shared interests.
• Effective transatlantic partnership for the XXIst century will require a coherent institutional framework, firmly embedded in the policy-making processes of governments on both sides of the Atlantic.

**PHASE II: Interim report and recommendations**

One of our Cooperation Project Phase II objectives has been to provide useful input at this stage on the major features of a fully functioning partnership. Keeping in mind our vision of parallel, treaty-based partnerships linked at their summits, the following points are offered as additional input:

• We believe that a broad and balanced future partnership depends on the gradual evolution of a European Security and Defence Identity (ESDI) within NATO, consistent with the evolution of the CFSP within the EU. In other words, President Kennedy's original vision of a more equal and balanced relationship between a stronger EEC (now EU) and the US remains the best way forward.

This conclusion is not based on a static or doctrinaire concept of European integration, but rather on the respective interests of the United States and European states. The U.S. will need a stronger European defence and security partner to meet and manage new threats. On the European side, publics will become increasingly wary of security policies and military operations which are seen to be dictated exclusively by US interests but which have direct impacts on them.

• This approach will also cement the EU commitment to transatlantic defence and security partnership through NATO, and will allow for dynamic balancing of shared security interests with the rapidly expanding political and economic partnership now firmly rooted in EU competences.

• The WEU hangs uncomfortably between the EU and NATO, its future role and status unclear. Foreign policy cooperation among EU governments would be strengthened by moves toward the integration of the WEU within the EU framework. NATO would also be strengthened by the emergence of a more clearly defined European presence – not just an 'identity' within the Alliance.

• The emergence of a parallel framework for EU/US political and economic partnership as foreseen in our strategy will, we believe, weigh heavily in favour of similar development on the defence and security side. At the very least, it is impossible to imagine the emergence of an EU role within the defence and security partnership if partnership does not continue to develop on the political and economic side.
• The common framework we are looking for to take account of the break down of the old cold-war rigidities between our political, economic and security interests will need to stretch down from heads of government through permanent missions to ministries in national capitals. It will also need a strong parliamentary bridge (as NATO has always had through the North Atlantic Assembly).

• Transatlantic partnership between the democratic states of the EU and the US cannot be exclusive. Others beyond the North Atlantic have our commitment to an open, liberal global order. But only the states of Western Europe and North America have the experience of working together, and the critical mass of economic weight and military force, effectively to promote these values through concerted action both within the North Atlantic region and beyond.

We emphasise, as we have on many prior occasions, that fundamental changes to these core institutions can only be effected if European governments will move forward to realise their commitments on common foreign and security policy set out in the Maastricht Treaty on European Union and deepened in the Treaty of Amsterdam. We also stress that institutional changes in the management of transatlantic relations can only be effective if political leaders are willing to explain to their legislatures and publics why these transformations are needed and what objectives they serve.
**STRATEGIC CONCLUSION**

Our central strategic conclusion at the close of Phase II is that:

- Substantive, issue-driven, 'bottom-up' cooperation between transatlantic political, economic and security instances should now be pursued wherever practicable and appropriate, in order to build the foundations for 'linkage' and to demonstrate its effectiveness. In most cases this will mean primarily practical issue-specific cooperation between the EU (exercising its established competences) and NATO.

- Top-down processes should now be initiated to further define and assess options for a comprehensive Transatlantic Partnership framework.

**Bottom-up recommended priorities**

We recommend initiation of active, organised working-level information exchange and cooperation between the EU and NATO on the following priorities:

**Geographical:**

1. **Russia:** The US (through NATO) is the natural leader on integrating Russia into the western security framework, while Europe's role and influence in economic policy integration (WTO, IMF, aid flows, private investment) grows. Yet even as internal economic conditions deteriorate, there is still no 'linked' transatlantic dialogue on this vital western priority.

2. **Ukraine:** Because of its geographic position, its size and potential influence, Ukraine is a strategic interest for both Europe and the U.S., and has formalised relationships with both the EU and NATO.

3. **Bosnia/Kosovo/Balkans:** The Balkans are the main strategic challenge for the west in the European region (along with the Ukraine and Russia). Economic integration and prosperity is the key to future stability. This will require EU/NATO concertation. But who will pay, and for what? Meanwhile, operational cooperation between S-FOR and the High Representative exists on the ground, because it has to, but not at higher levels.

4. **Turkey:** Current transatlantic pressures arising from Turkey's status as a NATO member and EU aspirant (and including the continuing dilemma posed by Cyprus) demand greater levels of cooperation.

5. **North Africa/Eastern Mediterranean:** The EU has direct political and economic interests in relations with its neighbours around the Mediterranean littoral. The largest number of immigrants to the EU come from this region. Mediterranean economies depend closely on the EU. America's interests are more geopolitical; the US 6th Fleet commands the Eastern Mediterranean and provides support for US policies in the Middle East. US and European approaches to the continuing Arab-Israeli dispute affect political relations between the west...
and the Arab and Islamic world. It is vital to develop a coordinated approach, based on an active transatlantic political dialogue.

**Common issues:**

6. **Enlargements:** The timing, scope and substance of future EU and NATO enlargements should become a primary focus for linkage efforts, because each is instrumental for the post-cold war restructuring of Europe and impacts the other. It is particularly important to develop a strategy of 'complementarity' rather than 'compensation' (and in that effort to satisfy US leaderships that the EU is determined to proceed with the most advanced candidates as rapidly as possible). This cooperation should also focus thinking on the question first posed in TPN's 1994 report: 'Where are the political limits to transatlantic partnership in terms of membership in its 'core' structures?' The geographic priorities of Turkey and the Ukraine, for example, would feature prominently in this dialogue, as would the future place of the Baltics.

7. **Transformation of newly independent societies:** NATO's Partnership for Peace and EU aid programmes are both focused in part on supporting these transformations. Mechanisms for exchange of information would be a starting point for future linkage, starting with operational rules and criteria.

8. **Democratic institutions:** The EU and NATO are both assisting (within their own competences) the assertion of civil control and democratic oversight over armed forces and internal security services.

9. **Post-conflict situations:** Military and civil aspects need to be coordinated in the planning stages and followed up with continuing cooperation between the military security measures, policing, and civil relief, rehabilitation and reconstruction programmes.

10. **New risks:** We need to look at the full range of instruments appropriate for dealing with new potential crises and instability on Europe's periphery and internationally (terrorism, nuclear trafficking).

11. **Defence industries and trade:** An obvious dual-use/dual-competence issue, with unavoidable political 'linkage'.

12. **Disaster relief/civil emergency planning:** EU and NATO resources could both be instrumental in crisis situations.

**Top-down recommendations**

As transatlantic political and economic partnership continues to deepen and broaden under our proposed Transatlantic Partnership Agreement, as greater definition is brought to a European Security and Defence Identity, as the Common Foreign and Security Policy provisions of the Amsterdam Treaty take on
functional form, and as bottom-up 'linked' (EU/NATO) cooperation develops over the next few years, we will need to progressively define, agree and finally put in place a comprehensive Partnership framework.

This said, we must recognise that the institutions of the European Union are entering a period of political uncertainty with the expiry of Parliamentary and Commission mandates during 1999. The American political system will enter a similar period as we approach the next presidential election in November 2000.

To make steady progress toward that top-down objective, we now recommend the following steps:

- **Short-term**: The NATO 50\(^{th}\) anniversary summit and Declaration next Spring in Washington, and 1\(^{st}\) half 1999 EU/US summit, should each contain appropriate mutual references and official conclusions recognising the growing need for both practical EU/NATO cooperation and for a more comprehensive concept of Transatlantic Partnership. Begin now to align priorities and efforts by the US and European governments acting together through NATO, the OSCE, the G-8, and the NTA.

- **Medium-term**: begin a summit-driven convergence process, based on a commitment from next year's NATO and Transatlantic summits to produce input documents as the basis for a joint summit in December 2001 (EU/US summit will involve the Belgian Presidency in the EU). This process should be issue-driven but also address options for the longer-term comprehensive Partnership framework.

- **Longer-term**: EU governments must develop the Amsterdam Treaty provisions for Common Foreign and Security Policy, with particular emphasis on shared transatlantic priorities, on clarifying the EU/WEU/NATO interfaces, and on EU/NATO cooperation.
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,
Chairman, Goldman Sachs International and BP and Former Director General, WTO,
serves as the Honorary President in Europe.
Ambassador Robert Strauss,
Partner, Akin, Gump, Strauss, Hauer & Feld, L.L. P., former US Ambassador to Russia,
serves as TPN 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 28 of the most prominent global companies.

Parallel to the business interest, there are 50 Members of the TPN in the European Parliament drawn from the major political groups and most of the EU member states.
The TPN Congressional Group has 35 Members of the United States Senate and Congress committed to the objectives of TPN.

All TPN members support the overall objectives and activities of TPN, in particular the importance of a strong 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.
1. **Summary of New Transatlantic Agenda (NTA)**

2. **Summary of Transatlantic Economic Partnership (TEP).**

3. **New Transatlantic Agenda: Senior Level Group Reports to the EU/US Summit Dated:**
   - 13 June 1996;
   - 16 December 1996;
   - 28 May 1997;
   - 5 December 1997 and

4. **Summary of TPN Working Group Concept.**

5. **Proposal for Enhanced US Congress and European Parliament Cooperation.**
THE NEW TRANSATLANTIC AGENDA

We, the United States of America and the European Union, affirm our conviction that the ties which bind our people are as strong today as they have been for the past half century. For over fifty years, the transatlantic partnership has been the leading force for peace and prosperity for ourselves and for the world. Together, we helped transform adversaries into allies and dictatorships into democracies. Together, we built institutions and patterns of cooperation that ensured our security and economic strength. These are epic achievements.

Today we face new challenges at home and abroad. To meet them, we must further strengthen and adapt the partnership that has served us so well. Domestic challenges are not an excuse to turn inward; we can learn from each other's experiences and build new transatlantic bridges. We must first of all seize the opportunity presented by Europe's historic transformation to consolidate democracy and free-market economies throughout the continent.

We share a common strategic vision of Europe's future security. Together, we have charted a course for ensuring continuing peace in Europe into the next century. We are committed to the construction of a new European security architecture; in which the North Atlantic Treaty Organisation, the European Union, the Western European Union, the Organisation for Security and Cooperation in Europe and the Council of Europe have complementary and mutually reinforcing roles to play.

We reaffirm the indivisibility of transatlantic security. NATO remains, for its members, the centrepiece of transatlantic security, providing the indispensable link between North America and Europe. Further adaptation of the Alliance's political and military structures to reflect both the full spectrum of its roles and the development of the emerging European Security and Defence Identity will strengthen the European pillar of the Alliance.

As to the accession of new members to NATO and to the EU, these processes, autonomous but complementary, should contribute significantly to the extension of security, stability and prosperity in the whole of Europe. Furthering the work of Partnership for Peace and the North Atlantic Cooperation Council and establishing a security partnership between NATO and Russia and between NATO and Ukraine will lead to unprecedented cooperation on security issues.

We are strengthening the OSCE so that it can fulfil its potential to prevent destabilising regional conflicts and advance the prospect of peace, security, prosperity, and democracy for all.

Increasingly, our common security is further enhanced by strengthening and reaffirming the ties between the European Union and the United States within the existing network of relationships which join us together.

Our economic relationship sustains our security and increases our prosperity. We share the largest two-way trade and investment relationship in the world. We bear a special responsibility to lead multilateral efforts towards a more open world system of trade and investment. Our cooperation has made possible every global trade agreement, from the Kennedy Round to the Uruguay Round. Through the G-7, we work to stimulate global growth. And at the Organisation for Economic Cooperation and Development, we are developing strategies to overcome structural unemployment and adapt to demographic change.

We are determined to create a New Transatlantic Marketplace, which will expand trade and investment opportunities and multiply jobs on both sides of the Atlantic. This initiative will also contribute to the dynamism of the global economy.

At the threshold of a new century, there is a new world to shape – full of opportunities but with challenges no less critical than those faced by previous generations. These challenges can be met and opportunities...
fully realised only by the whole international community working together. We will work with others bilaterally, at the United Nations and in other multilateral fora.

We are determined to reinforce our political and economic partnership as a powerful force for good in the world. To this end, we will build on the extensive consultations established by the 1990 Transatlantic Declaration and the conclusions of our June 1995 Summit and move to common action.

Today we adopt a New Transatlantic Agenda based on a Framework for Action with four major goals:

Promoting peace and stability, democracy and development around the world. Together, we will work for an increasingly stable and prosperous Europe; foster democracy and economic reform in Central and Eastern Europe as well as in Russia, Ukraine and other new independent states; secure peace in the Middle East; advance human rights; promote non-proliferation and cooperate on development and humanitarian assistance.

Responding to global challenges. Together, we will fight international crime, drug-trafficking and terrorism; address the needs of refugees and displaced persons; protect the environment and combat disease.

Contributing to the expansion of world trade and closer economic relations. Together, we will strengthen the multilateral trading system and take concrete, practical steps to promote closer economic relations between us.

Building bridges across the Atlantic. Together, we will work with our business people, scientists, educators and others to improve communication and to ensure that future generations remain as committed as we are to developing a full and equal partnership.

Within this Framework, we have developed an extensive Joint EU/US Action Plan. We will give special priority between now and our next Summit to the following actions:

I PROMOTING PEACE AND STABILITY, DEMOCRACY AND DEVELOPMENT AROUND THE WORLD

- We pledge to work boldly and rapidly, together and with other partners, to implement the peace, to assist recovery of the war-ravaged regions of the former Yugoslavia and to support economic and political reform and new democratic institutions. We will cooperate to ensure: (1) respect for human rights, for the rights of minorities and for the rights of refugees and displaced persons, in particular the right of return; (2) respect for the work of the War Crimes Tribunal, established by the United Nations Security Council, in order to ensure international criminal accountability; (3) the establishment of a framework for free and fair elections in Bosnia-Herzegovina as soon as conditions permit and (4) the implementation of the agreed process for arms control, disarmament and confidence-building measures. While continuing to provide humanitarian assistance, we will contribute to the task of reconstruction, subject to the implementation of the provisions of the peace settlement plan, in the context of the widest possible burden-sharing with other donors and taking advantage of the experience of international institutions, of the European Commission and of all relevant bilateral donors in the coordination mechanism.

- We will support the countries of Central and Eastern Europe in their efforts to restructure their economies and strengthen their democratic and market institutions. Their commitment to democratic systems of government, respect for minorities, human rights, market oriented economies and good relations with neighbours will facilitate their integration into our institutions. We are taking steps to intensify our cooperation aimed at sharing information, coordinating assistance programmes and developing common actions, protecting the environment and securing the safety of their nuclear power stations.
We are determined to reinforce our cooperation to consolidate democracy and stability in Russia, Ukraine and other new independent states. We are committed to working with them in strengthening democratic institutions and market reforms, in protecting the environment, in securing the safety of their nuclear power stations and in promoting their integration into the international economy. An enduring and stable security framework for Europe must include these nations. We intend to continue building a close partnership with a democratic Russia. An independent, democratic, stable and nuclear weapons-free Ukraine will contribute to security and stability in Europe; we will cooperate to support Ukraine's democratic and economic reforms.

We will support the Turkish Government's efforts to strengthen democracy and advance economic reforms in order to promote Turkey's further integration into the transatlantic community.

We will work towards a resolution of the Cyprus question, taking into account the prospective accession of Cyprus to the European Union. We will support the UN Secretary General's Mission of Good Offices and encourage dialogue between and with the Cypriot communities.

We reaffirm our commitment to the achievement of a just, lasting and comprehensive peace in the Middle East. We will build on the recent successes in the Peace Process, including the bold steps taken by Jordan and Israel, through concerted efforts to support agreements already concluded and to expand the circle of peace. Noting the important milestone reached with the signing of the Israeli-Palestinian Interim Agreement, we will play an active role at the Conference for Economic Assistance to the Palestinians, will support the Palestinian elections and will work ambitiously to improve the access we both give to products from the West Bank and the Gaza Strip. We will encourage and support the regional parties in implementing the conclusions of the Amman Summit. We will also continue our efforts to promote peace between Israel, Lebanon and Syria. We will actively seek the dismantling of the Arab boycott of Israel.

We pledge to work together more closely in our preventive and crisis diplomacy; to respond effectively to humanitarian emergencies; to promote sustainable development and the building of democratic societies; and to support human rights.

We have agreed to coordinate, cooperate and act jointly in development and humanitarian assistance activities. To this end, we will establish a High-Level Consultative Group to review progress of existing efforts, to assess policies and priorities and to identify projects and regions for the further strengthening of cooperation.

We will increase cooperation in developing a blueprint for UN economic and social reform. We will cooperate to find urgently needed solutions to the financial crisis of the UN system. We are determined to keep our commitments, including our financial obligations. At the same time, the UN must direct its resources to the highest priorities and must reform in order to meet its fundamental goals.

We will provide support to the Korean Peninsula Energy Development Organisation (KEDO), underscoring our shared desire to resolve important proliferation challenges throughout the world.

II RESPONDING TO GLOBAL CHALLENGES

We are determined to take new steps in our common battle against the scourges of international crime, drug trafficking and terrorism. We commit ourselves to active, practical cooperation between the US and the future European Police Office, EUROPOL. We will jointly support and contribute to ongoing training programmes and institutions for crime-fighting officials in Central and Eastern Europe, Russia, Ukraine, other new independent states and other parts of the globe.
• We will work together to strengthen multilateral efforts to protect the global environment and to develop environmental policy strategies for sustainable world-wide growth. We will coordinate our negotiating positions on major global environmental issues, such as climate change, ozone layer depletion, persistent organic pollutants, desertification and erosion and contaminated soils. We are undertaking coordinated initiatives to disseminate environmental technologies and to reduce the public health risks from hazardous substances, in particular from exposure to lead. We will strengthen our bilateral cooperation on chemicals, biotechnology and air pollution issues.

• We are committed to develop and implement an effective global early warning system and response network for new and re-emerging communicable diseases such as AIDS and the Ebola virus, and to increase training and professional exchanges in this area. Together, we call on other nations to join us in more effectively combating such diseases.

### III CONTRIBUTING TO THE EXPANSION OF WORLD TRADE AND CLOSER ECONOMIC RELATIONS

• We have a special responsibility to strengthen the multilateral trading system, to support the World Trade Organisation and to lead the way in opening markets to trade and investment.

• We will contribute to the expansion of world trade by fully implementing our Uruguay Round commitments, work for the completion of the unfinished business by the agreed timetables and encourage a successful and substantive outcome for the Singapore WTO Ministerial Meeting in December 1996. In this context we will explore the possibility of agreeing on a mutually satisfactory package of tariff reductions on industrial products, and we will consider which, if any, Uruguay Round obligations on tariffs can be implemented on an accelerated basis. In view of the importance of the information society, we are launching a specific exercise in order to attempt to conclude an information technology agreement.

• We will work together for the successful conclusion of a Multilateral Agreement on Investment at the OECD that espouses strong principles on international investment liberalisation and protection. Meanwhile, we will work to develop discussion of the issue with our partners at the WTO. We will address in appropriate fora problems where trade intersects with concerns for the environment, internationally recognised labour standards and competition policy. We will cooperate in creating additional trading opportunities, bilaterally and throughout the world, in conformity with our WTO commitments.

• Without detracting from our cooperation in multilateral fora, we will create a New Transatlantic Marketplace by progressively reducing or eliminating barriers that hinder the flow of goods, services and capital between us. We will carry out a joint study on ways of facilitating trade in goods and services and further reducing or eliminating tariff and non-tariff barriers.

• We will strengthen regulatory cooperation, in particular by encouraging regulatory agencies to give a high priority to cooperation with their respective transatlantic counterparts, so as to address technical and non-tariff barriers to trade resulting from divergent regulatory processes. We aim to conclude an agreement on mutual recognition of conformity assessment (which includes certification and testing procedures) for certain sectors as soon as possible. We will continue the ongoing work in several sectors and identify others for further work.

• We will endeavour to conclude by the end of 1996 a customs cooperation and mutual assistance agreement between the European Community and the US.

• To allow our people to take full advantage of newly developed information technology and services, we will work toward the realisation of a Transatlantic Information Society.
• Given the overarching importance of job creation, we pledge to cooperate in the follow-up to the Detroit Jobs Conference and to the G-7 Summit initiative. We look forward to further cooperation in the run up to the G-7 Jobs Conference in France, at the next G-7 Summit in the Summer of 1996 and in other fora such as the OECD. We will establish a joint working group on employment and labour-related issues.

IV BUILDING BRIDGES ACROSS THE ATLANTIC

• We recognise the need to strengthen and broaden public support for our partnership. To that end, we will seek to deepen the commercial, social, cultural, scientific and educational ties among our people. We pledge to nurture in present and future generations the mutual understanding and sense of shared purpose that has been the hallmark of the post-war period.

• We will not be able to achieve these ambitious goals without the backing of our respective business communities. We will support, and encourage the development of, the transatlantic business relationship, as an integral part of our wider efforts to strengthen our bilateral dialogue. The successful conference of EU and US business leaders which took place in Seville on 10/11 November 1995 was an important step in this direction. A number of its recommendations have already been incorporated into our Action Plan and we will consider concrete follow-up to others.

• We will actively work to reach a new comprehensive EC-US science and technology cooperation agreement by 1997.

• We believe that the recent EC/US Agreement on Cooperation in Education and Vocational Training can act as a catalyst for a broad spectrum of innovative cooperative activities of direct benefit to students and teachers. We will examine ways to increase private support for educational exchanges, including scholarship and internship programmes. We will work to introduce new technologies into classrooms, linking educational establishments in the EU with those in the US and will encourage teaching of each other’s languages, history and culture.

Parliamentary Links

We attach great importance to enhanced parliamentary links. We will consult parliamentary leaders on both sides of the Atlantic regarding consultative mechanisms, including those building on existing institutions, to discuss matters related to our transatlantic partnership.

Implementing our Agenda

The New Transatlantic Agenda is a comprehensive statement of the many areas of our common action and cooperation. We have entrusted the Senior Level Group to oversee work on this Agenda and particularly the priority actions we have identified. We will use our regular Summits to measure progress and to update and revise our priorities.

For the last fifty years, the transatlantic relationship has been central to the security and prosperity of our people. Our aspirations for the future must surpass our achievements in the past.
1. The transatlantic economic relationship is underpinned by the most important trade and economic links in the world. In order to strengthen further these links to the benefit of our people and firms, we have decided to build on the New Transatlantic Agenda signed in Madrid in 1995. This initiative will reinforce our cooperation and joint leadership in international economic relations and fora.

2. The European Union (EU) and the United States (US) share the world's largest and most complex economic relationship. Two-way trade represents around one-fifth of each other's total for goods and one-third for services. Furthermore the US and the EU each account for approximately half of the other's foreign direct investment abroad. The prosperity of our populations is intertwined to an ever-increasing extent; and as the European Union has grown and deepened its integration, this process has accelerated.

3. We have a fundamental interest in a dynamic, respected system of international trade rules. The size of our economies and the volume of transatlantic trade and investment have a significant effect on this system. Past multilateral efforts to open markets have often been led by the US and EU. As we look ahead, it will be important for the US and EU to demonstrate our support for the further opening of markets world-wide.

4. In 1995, we committed ourselves to expand and deepen cooperation on economic issues through the New Transatlantic Agenda (NTA) by taking concrete steps to strengthen the multilateral trading system and enhance the transatlantic economic relationship. We are pleased with the progress of the NTA so far. Under the NTA, we have laid the basis for multilateral trade negotiations and have finalised agreements on mutual recognition of testing and conformity assessment, customs cooperation and equivalency in veterinary standards and procedures. And in December 1997 we committed ourselves to enhance our regulatory cooperation while facilitating consumer protection.

5. We now believe the time has come to build on the NTA's highly significant achievements. Accordingly, we agree to reinforce our close relationship through an initiative involving the intensification and extension of multilateral and bilateral cooperation and common actions in the field of trade and investment. Our reinforced partnership can be instrumental in setting the agenda for a more open and accessible world trading system and at the same time can greatly improve the economic relationship between the EU and US, reduce frictions between us, and promote prosperity on both sides of the Atlantic.

6. The partnership will encompass multilateral and bilateral elements as outlined below.

**Multilateral Action**

7. In keeping with our leading role in the world trade system, we reaffirm our determination to maintain open markets, resist protectionism and sustain the momentum of liberalisation. The most effective means of maintaining open markets and promoting the expansion of trade is the continued development and strengthening of the multilateral system. The EU and US will give priority to pursuing their objectives together with other trading partners through the World Trade Organisation. Today's WTO Ministerial Conference will play an important role in carrying forward the implementation of the WTO built-in agenda and in laying the groundwork for further multilateral negotiations leading to broad-based liberalisation.
8. As part of our effort to strengthen further the multilateral system and seek wider trade liberalisation, our shared objectives are:

a. The full implementation of WTO commitments and respect for dispute settlement obligations;

b. Ambitious objectives and offers for the liberalisation of services in forthcoming WTO negotiations;

c. The multilateral negotiations for the continuation of the reform process in agriculture in full conformity with Article 20 of the WTO Agreement on Agriculture;

d. The intensification of forward-looking work in the WTO on trade facilitation;

e. A broad WTO work programme for the reduction on an MFN basis of industrial tariffs and the exploration of the feasibility of their progressive elimination within a timescale to be agreed;

f. The adoption of common positions on the respect for and further improvement of the intellectual property rights identified in the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS);

g. The development of common approaches in appropriate multilateral fora on investment, competition, public procurement and trade and the environment;

h. Cooperation on the accession of new members and the better integration of LLDCs in the multilateral trading system;

i. The development of a comprehensive work programme for electronic commerce in the WTO covering trade-related aspects and the continuation of the current practice of not imposing customs duties on electronic transmissions;

j. Support for the observance of internationally recognised core labour standards and the goal of reaching agreement on an ILO declaration and follow-up mechanism, noting the important role of the social partners in the process, and rejection use of labour standards for protectionist purposes; and support for the continuation of the dialogue on measures in the relevant fora to combat corruption.

Bilateral action

9. The EU and the US will intensify their efforts to reduce or eliminate barriers to trade and investment between them. This will be done in ways which are in full conformity with their international and, in particular, WTO obligations and supportive of the primary goal of multilateral liberalisation making as much progress as possible before 2000. Such efforts will expand transatlantic commerce and reduce frictions, benefiting both our peoples. We will maintain high standards of safety and protection for health, consumers and the environment. Our partnership will not create new barriers to third countries.

10. We will focus on those barriers that really matter to transatlantic trade and investment and to this end we will aim in particular at the removal of those regulatory barriers that hinder market opportunities, both for goods and for services. We will concentrate specifically on the following:

a. Technical barriers to trade in goods, reinforcing our efforts for the elimination or substantial lowering of the remaining barriers, while further pursuing our commitment to high health, safety and environmental standards;

b. Services, with the aim of substantially improving opportunities for market opening to the benefit of consumers and small, medium and larger enterprises;
c. Agriculture, with the objective of strengthening our regulatory cooperation in the field of human, plant and animal health issues, including biotechnology, while recognising the importance of continuing to improve our respective regulatory processes and of improving our scientific cooperation;

d. Government procurement to increase and facilitate access to public procurement markets, including by enhancing the compatibility of electronic procurement information and government contracting systems;

e. Intellectual property as identified in the Agreement on TRIPS in order to improve the protection of rightholders and to reduce costs.

11. We will build on efforts already underway for goods but extending to services, to cover as wide a range of barriers and sectors as possible identifying the priorities both for the near and longer term. Instruments to achieve this will be:

a. The mutual recognition of testing and approval procedures, of equivalence of technical and other requirements and, in certain areas, where appropriate, the progressive alignment or, where possible, the adoption of the same standards, regulatory requirements and procedures adopting internationally agreed standards where possible;

b. The intensification of the dialogue between scientific and other expert advisers, standard setting bodies, and regulatory agencies;

c. A high degree of transparency and consultation with all interested parties.

12. Within the framework of our bilateral partnership we will seek to advance our shared values in the areas of labour and environment.

13. We will explore the scope for further cooperative dialogue and greater compatibility of procedures between our competition authorities.

14. We will maintain and extend our work on electronic commerce as set out in the joint statement at the Washington Summit of December 1997.

**Extending the Transatlantic Dialogue**

15. The EU and US recall the imaginative and practical approach of EU and US business in the Transatlantic Business Dialogue which has contributed directly to many of the NTA's successes, such as the Mutual Recognition Agreement. We urge the TABD to continue and extend its valuable contribution to the process of removing barriers to trade and investment. We reaffirm our commitment in the New Transatlantic Agenda to promote dialogue between representatives of consumer and labour interests as illustrated by the helpful second meeting of the Transatlantic Labour Dialogue held in London in April. We invite interested non-governmental organisations to participate and extend this dialogue on consumer protection, scientific, safety and environmental issues relevant to international trade as a constructive contribution to policy making.

16. In line with our commitment to encourage greater transparency in the work of international trade bodies, we will seek to facilitate the closer association of business and other interested non-governmental constituencies with the activities of the WTO and other international trade organisations, as well as with our bilateral activities.
Within the framework provided by the NTA we will establish a dynamic process yielding concrete results with the intention of applying them, where agreed, at the relevant levels of government in the EU and the US; and to this end we will pursue the multilateral and bilateral actions set out in this statement as follows:

- Establish as soon as possible a Plan identifying areas for common actions both bilaterally and multilaterally, with a timetable for achieving specific results;

- Take all necessary steps to allow the early implementation of this Plan, including any necessary authority to start negotiations.

Nothing in this text constitutes an EU negotiating mandate.
1. Under the New Transatlantic Agenda, launched in December 1995, the United States and the European Union made a commitment to further, strengthen and adapt our partnership to face new challenges at home and abroad. We recognised that our political and economic cooperation is a powerful force for peace, democracy and prosperity. We agreed to move to common action to achieve these ends. We have since taken specific steps to strengthen respect for human rights, to promote non-proliferation, to fight terrorism, to address crises in troubled regions and much more. Our experience has shown that, working together, the United States and the European Union are more effective in pursuing shared goals. When differences have emerged between us, however, this has reduced the effectiveness of our response –

2. In order to enhance our partnership, we undertake to intensify our consultations with a view to more effective cooperation in responding to behaviour that is inimical to the goals agreed in the New Transatlantic Agenda our which threatens international stability and security, in which we have a shared interest. We have instructed senior officials to undertake early consultations, when there is an evident risk of such behaviour. To this end, we have agreed to principles that will guide us:

(a) We will seek through exchanging information and analysis and through early consultations to pre-empt, prevent and, as needed, respond to such behaviour. Our objective is to achieve compatible and mutually reinforcing policy responses, which are practical, timely and effective.

(b) These responses should be carefully formulated as part of a coherent overall policy approach designed to change unacceptable behaviour. They should also be in line with international commitments and responsibilities.

(c) We will make full use of diplomatic and political action to achieve our objectives.

(d) Economic sanctions are another possible response. Their use requires careful consideration. In general, they should be used only when diplomatic and political options have failed or when a problem is so serious as to require more far-reaching action.

(e) In such circumstances, the EU and US will make a maximum effort to ensure that economic sanctions are multilateral. They are likely to have the strongest political and economic impact when applied as widely as possible throughout the international community. Multilateral actions also distribute the costs of sanctions on the imposing parties more evenly. Whenever possible, effective measures taken by the UN Security Council are the optimal approach.

(f) When multilateral economic sanctions are imposed, our objective will be to exert the greatest possible pressure on those responsible for the problem, while avoiding unnecessary hardship and minimising the impact on other countries.

(g) Where wider agreement on economic sanctions cannot be achieved, or in cases of great urgency, the EU and the US will consult on appropriate responses. In such circumstances either party could decide to impose economic sanctions.

(h) To ensure the resilience of our partnership in such circumstances:

- a partner will not seek or propose, and will resist, the passage of new economic sanctions legislation based on foreign policy grounds which is designed to make economic operators of the other behave in a manner similar to that required of its own economic operators;

- that partner will target such sanctions directly and specifically against those responsible for the problem; and
the partner not imposing sanctions will take into account the interests of the other in formulating its own policy and continue to pursue, in its own way, those goals which are shared.

(i) It is in the interest of both partners that policies of governmental bodies at other levels should be consonant with these principles and avoid sending conflicting messages to countries engaged in unacceptable behaviour. Both partners will work to achieve this goal.

3. The US and the EU will consult closely, including at senior levels, in applying these principles and resolving differences. Each side will also develop the necessary internal procedures to ensure effective implementation of the principles.

May 1998
The signing of the New Transatlantic Agenda marked the beginning of a new era of collaboration between the United States and the European Union. We launched a number of initiatives and, overall, a new spirit of cooperation and commitment to joint action pervades the relationship. Our initial experience has demonstrated that in some areas persistent effort will be needed to meet our objectives. The following describes the most significant developments in the four areas of cooperation identified in the New Transatlantic Agenda (NTA) and suggests issues on which to focus in the second half of 1996.

I. Promoting Peace and Stability, Democracy and Development

Our common interest in peace in Bosnia and in the political, economic and human rehabilitation of the former Yugoslavia inspired cooperation that has been instrumental to successful implementation of the Dayton accords. Our cooperation was highlighted by the April 12/13 Donors' Conference which garnered $1.2 billion, boosting overall pledges for 1996 reconstruction to $1.8 billion. We continue to cooperate on our assistance programs throughout Central and Eastern Europe. We have agreed to work to establish a network of regional environmental centers, pursuant to consultations with Ukraine, Russia and other New Independent States. We participated in the successful Moscow Conference on nuclear safety.

Our mutual efforts in the Middle East have helped establish a sound basis for further progress in the pursuit of peace. The US and EU worked in partnership at the Sharm el Sheik Summit in March 1996 and its followup meeting in Washington. We have also worked together in the Ad Hoc Liaison Committee; in the Regional Economic Development Working Group (REDWG) and the other working groups of the multilateral track; in the preparations for the Cairo Economic Summit in November 1996; and in other appropriate economic institutions.

We share basic objectives regarding a number of areas such as Iran, Libya and Cuba and recognize that each poses a distinct challenge. We take different approaches on how to address these challenges. We recommend that our dialogue continue to address these issues and their implications for our relationship.

In close cooperation with the US, the EU supports the Korean Peninsula Energy Development Organization (KEDO), an international effort of high significance in the field of nuclear nonproliferation and nuclear safety. The EU has made a contribution to KEDO and, having decided to participate in principle in this organization, is currently examining both the terms and conditions of its accession to KEDO and a commitment to a multiyear contribution.

We have made considerable progress in coordinating our humanitarian and development assistance to maximize its impact. In December, USAID Administrator Atwood joined Commissioner Bonino in a summit with the largest international humanitarian aid organizations, which agreed upon a statement of common principles for humanitarian assistance. In April, Atwood and Bonino traveled to Rwanda and Burundi to assess the regional effect of the refugee emergency and to support international efforts to resolve the crises in that region. To avoid budgetary and operational gaps in our response to humanitarian needs, we have exchanged programming plans. The Working Groups established as part of last year's assistance consultations have produced substantive work plans for specific sectors and countries. In addition, we have agreed to hold our first trilateral consultations with the UN High Commissioner for Refugees in June.
II. Responding to Global Challenges

We have made progress in deepening cooperation in fighting crime and are close to concluding negotiations on an agreement to enhance cooperation in preventing the diversion of precursor and essential chemicals to illicit drug production. We also worked closely together in preparing for the UNDCP workshop on counter-narcotics cooperation in the Caribbean. A team of law enforcement experts from the EU Troika, plus three other member states, visited the International Law Enforcement Academy (ILEA) in April to evaluate training programs there. We participated in a conference in Rome on hightech law enforcement technologies. We also expanded our cooperation on migration and asylum issues through a successful visit of EU officials in April to southern US border sites and through cooperation for the CIS migration conference.

We have established a USEU Task Force on Communicable Diseases to build a global early warning and response network for such diseases in cooperation with the WHO and other multilateral organizations. The Task Force has set an ambitious work plan for identifying disease priorities, developing an inventory of US and EU capacities on communicable diseases and recommending responses to such disease threats.

We have significantly intensified our dialogue on environmental issues. Early results were an OECD Ministerial Declaration and a Council Resolution on lead that will significantly reduce lead in gasoline, chemicals and other products. Our representatives have agreed to meet in advance of upcoming international conferences, such as on climate change, biodiversity and chemicals, to develop coordinated positions.

III. The Expansion of World Trade and Closer Economic Relations

We have worked to secure respect for existing rules and full implementation of new rights and obligations we undertook within the Uruguay Round and thereafter. We had hoped for an earlier successful conclusion of the talks aimed at opening the global telecommunications market. We continue efforts to bring these talks to a successful conclusion by the February 15, 1997, deadline, so as to allow their implementation by January 1, 1998, as originally foreseen. The negotiations on maritime transport services are currently due to end on June 30, 1996, and WTO members will be assessing developments over the next several weeks. We are continuing our consultations aimed at concluding an Information Technology Agreement and will work together to ensure that other key countries participate. In May in Rome, we held a joint seminar on intellectual property rights with our business communities. It provided new momentum for strengthening IPR protection worldwide, as well as for our efforts to achieve complete TRIPS implementation.

Bilaterally, we are taking practical steps to realize the New Transatlantic Marketplace. We began a joint study on ways of further reducing or eliminating barriers and received a status report. Following the call from the Transatlantic Business Dialogue (TABD), we have placed greater emphasis on addressing nontariff barriers and on enhancing regulatory cooperation. In this context, we note in particular the TABD goal of approved once, accepted everywhere in the New Transatlantic Marketplace, and we have now resumed negotiations for an agreement leading to full mutual recognition, in certain identified sectors, of our respective conformity assessment procedures, with agreed transitional arrangements. We have made real progress, and negotiations continue to tackle remaining obstacles.

We have made considerable progress in our negotiations for a USEU Customs Cooperation and Mutual Assistance Agreement, continued efforts to reach a bilateral veterinary agreement, and maintained our dialogue on issues linked to the commercialization of agricultural crops/foodstuffs derived from modern-biotechnology along the lines of contacts which have already taken place in the USEU HighTech Group.

Reflecting our common objectives of reducing unemployment and encouraging the creation of the jobs of the future, Secretary of Labor Reich and Commissioner Flynn signed a Memorandum of Understanding in May launching a USEU Working Group on Labor and Employment Issues.
IV. Building Bridges Across the Atlantic

The Transatlantic Business Dialogue further developed and refined the proposals made at the November 1995 Seville Conference and submitted a progress report. In line with the TABD's aim to facilitate closer economic relations between the US and the EU and to contribute to the progressive reduction or elimination of barriers to transatlantic trade and investment, the report includes a wide range of proposals and possibilities for further action. The TABD's report has already provided new momentum to our ongoing efforts. We will work to implement as many of these recommendations as possible. An early result of the TABD process was the April Transatlantic Automotive Industry Conference on International Regulatory Harmonization, where government and business experts launched a major effort to address differences in the way the US and EU regulate automobile safety and emissions.

In December, we signed the Agreement on Higher Education and Vocational Training, and we have now selected consortia projects involving more than 60 institutions on both sides of the Atlantic in activities designed to promote innovative cooperation in areas such as environmental science, automotive engineering and school-to-work transition. As part of our effort to encourage civic education, we participated in the March 1996 CIVITAS Provisional Steering Committee meeting at the Council of Europe.

We conducted two rounds of exploratory talks, in February and April, on a proposed comprehensive science and technology cooperation agreement, which we are committed to complete during 1997. Together with others, we have exchanged letters on joint collaboration on the development of intelligent manufacturing systems. Our renewal of the mandate for the USEU Biotechnology Task Force ensures a continued transatlantic exchange of ideas and information in this rapidly changing sector.
NEW TRANSATLANTIC AGENDA
SENIOR LEVEL GROUP REPORT TO THE US-EU SUMMIT
16 DECEMBER 1996

The New Transatlantic Agenda (NTA) was launched one year ago in Madrid with the goal of giving new focus and direction to USEU political and economic cooperation. Since then, we have sought to undertake a wide range or USEU joint actions in the priority areas identified by the NTA. Throughout our emphasis has been on tangible, concrete accomplishments. We have also as part of the confidence building process of the NTA reinforced efforts to resolve bilateral trade issues and disputes. During the Irish Presidency of the European Union, we have made significant progress on key initiatives.

- **We have intensified our cooperation on our most important diplomatic objectives.** The US and the EU played a vital role in supporting democratic elections, reconciliation and reconstruction in Bosnia. We have continued our assistance coordination dialogue on Central and Eastern Europe and the New Independent States (NIS). Our efforts have helped sustain the Middle East Peace Process and ensured the success of the November Cairo Economic Conference. Negotiations are close to being concluded for the EU to join the Korean Peninsula Energy Development Organization (KEDO), underscoring a shared commitment to put our resources to work against proliferation. Similarly, we worked together in establishing the Wassenaar Arrangement. We are seeking to promote regional stability and political reconciliation in Central Africa.

- **We are moving forward on an ambitious multilateral and bilateral trade agenda.** We achieved agreement at the WTO Singapore Ministerial on an ambitious work program. Our joint efforts also resulted in an historic Information Technology Agreement which, when finalized, promises to liberalize over $500 billion in trade annually and serves as an essential building block for the emerging global information society. In line with the strong recommendations of the Transatlantic Business Dialogue (TABD), we have agreed in principle to an agreement on mutual recognition of conformity assessment covering key sectors representing tens of billion of dollars in twoway trade and have set a deadline of January 31, 1997 to complete formal negotiations. We have also initiated a Customs Cooperation and Mutual Assistance Agreement. We have developed a transatlantic Small Business Initiative.

- **We have made significant advances in jointly addressing the new challenges of organized crime, narcotics, migration and asylum, and health.** We are working together against drug trafficking in the Caribbean, addressing law enforcement capabilities, institution building, marine interdiction, training and information sharing. We have increased our cooperation regarding improvised weapons and money laundering, and on police/customs issues. As part of our joint efforts against illegal drug trafficking, we are close to concluding an agreement on control of chemical precursors. We have charged our negotiators with solving the remaining issues as expeditiously as possible so that the agreement can be rapidly concluded. We have opened a new dialogue on migration and asylum issues in the context of the EU's CIREA (asylum) and CIREFI (migration) working groups. In the context of our efforts to develop an effective global early warning and response system, our health task force has agreed to enhance data exchange on communicable diseases starting with food borne diseases; identify surveillance and response capabilities; review research approaches and training; and work closely with the WHO.

- **We have improved our coordination of humanitarian and development assistance** by holding a further round of high level assistance consultations in October. By way of example, we have agreed to work together on strengthening civil society in some Latin American and South Asian countries and are supporting democracy in Nicaragua and Benin. Programs on the environment are moving forward for the Congo Basin, and we are working with the new democratic government in Haiti on judicial reform. We are helping to ensure food security in Ethiopia and Malawi and are cooperating on an immunization program in nine West African countries.

- **We are strengthening transatlantic linkages.** The TABD has continued to make important contributions to the creation of the New Transatlantic Marketplace and has strengthened the ties between our business communities. We have agreed to consider seriously the recommendations in the TABD's 'Chicago Declaration' US and EU officials met in November to prepare for a 1997 conference on 'Bridging the Atlantic: People to People Links' We have taken the first steps with a view to exchanging foreign affairs officials.
NEW TRANSATLANTIC AGENDA
SENIOR LEVEL GROUP REPORT TO THE EU-US SUMMIT
28 MAY 1997

The New Transatlantic Agenda (NTA) has given new focus and direction to our political and economic partnership. In the second year of engagement, the United States and European Union have broadened and intensified cooperation on key foreign policy, global and economic concerns as well as reinforced the direct ties between our peoples, thus laying the basis for significant achievements in the longer term. We brought many initiatives to fruition during the first half of 1997, emphasising those that produce tangible benefits for our citizens. As part of the confidence-building process of the NTA, an understanding was reached on April 11 concerning the Libertad Act, the Iran and Libya Sanctions Act, and the EU's WTO case regarding the former with a view to solving important areas of disagreement between us. The implementation of this understanding will be a priority in the months ahead.

Our NTA achievements acquire particular significance as we commemorate the 50th Anniversary of the Marshall Plan and the 40th Anniversary of the Rome Treaty which laid the foundations for the European Community. They demonstrate our joint commitment to promoting peace, prosperity, democracy, human rights and open, market-oriented economies. In this spirit, the EU and US have agreed on a Democracy and Civil Society Awards Programme which would encourage communities, individuals and non-governmental organisations at the local level to further these goals across the continent of Europe.

We have further strengthened the substance and structure of our cooperation on key foreign policy issues. In Bosnia, we have intensified our joint efforts to support reconstruction and promote reconciliation, with special attention to strengthening Dayton institutional frameworks and preparing for municipal elections. Our firmness helped persuade the Serbian Government to honour the results of democratic local elections. In Albania, we are cooperating directly and within the OSCE coordinating framework to facilitate delivery of humanitarian assistance and help re-establish democratic institutions. We are working together to strengthen our ties with Turkey and eliminate possible obstacles to closer relations. We have coordinated our efforts to reduce tensions on Cyprus. Our enhanced joint efforts at a delicate stage in the Middle East Peace Process have sought to encourage dialogue among the parties and promote economic development. We are intensifying our consultations on Iran. On Cuba, we have reaffirmed our commitment to promote democracy, economic reforms and human rights and are encouraging others to support those efforts. We have worked to end violence and promote regional stability and political reconciliation in Central Africa. Negotiations have been concluded for the EU to join the US, Japan and South Korea in the Korean Peninsula Energy Development Organisation (KEDO), underlining our global responsibilities and shared commitment to strengthen non-proliferation efforts.

In the area of humanitarian and development assistance, we have improved our coordination by responding to the needs of war-torn societies in countries such as the Democratic Republic of Congo, Liberia, Guatemala and Haiti. We are collaborating on activities to promote democracy and strengthen civil society in Benin, Bolivia and Bangladesh. Joint efforts are under way to ensure food security in Malawi, Angola, Liberia and Sierra Leone.

We have further intensified and better structured our cooperation on counter-terrorism, law-enforcement, migration, asylum and other global challenges. In recognition of our shared commitment to combat terrorism, we have worked together to pass a comprehensive terrorism resolution at the 1996-1997 UNGA. We are coordinating closely on the negotiation of the draft convention on the suppression of terrorist bombing, wider adherence to existing anti-terrorism conventions, aviation security, encryption technology and on other areas of common interest. Our Agreement of Chemical Precursors represents a major success in our efforts to curb the diversion of chemicals used in the manufacture of illicit drugs. Under our joint project, we have identified further steps to improve present counter-narcotic efforts in the Caribbean region in the fields of law enforcement, systems integration: training and equipment and maritime cooperation. We have agreed to augment our cooperation on organised crime. As part of this effort, we have agreed to hold a seminar on cybercrime in The Hague in June. Following the Ministerial Conference in The Hague in April 1997, we started work on a joint information campaign aimed at preventing trafficking in women. We have enhanced our collaboration and exchange of data on migration...
and asylum, and will shortly hold our second seminar on this issue. We are working together intensely to advance global environmental negotiations on climate change, chemicals, forests, oceans, and sustainable development.

**Our joint efforts have achieved important results in both our multilateral trade agenda and our endeavour to build the new Transatlantic Marketplace.** In the WTO, we worked together to conclude the Information Technology Agreement and the Basic Telecommunication Services Agreement, which together liberalise approximately $1 trillion in trade in goods and services. In the OECD, our joint efforts have contributed to the adoption of important decisions on combating bribery in international business transactions as well as guidelines on cryptography policy.

In the New Transatlantic Marketplace, we have worked to reduce barriers to transatlantic trade and investment, responding in many cases to recommendations of the Transatlantic Business Dialogue (TABD). Regarding an Agreement on Mutual Recognition of Conformity Assessment (MRA), we are pleased to report that our negotiators have made excellent progress on the outstanding issues. There is no agreement as yet between the EU and the US. But we hope to conclude an agreement in a few days time. Our Customs Cooperation and Mutual Assistance Agreement will help to facilitate trade, enhance enforcement, and combat fraud. We have negotiated a Veterinary Equivalence Agreement to facilitate trade in animal products and will continue to address actively the unresolved issues. We are successfully implementing the Transatlantic Small Business Initiative, in particular through partnership events on both sides of the Atlantic. We have negotiated a Positive Comity Agreement to deepen our cooperation on competition matters. We have intensified our dialogue on regulatory cooperation. We also supported a successful TABD biotechnology workshop on 29 April. As part of our agenda on employment we convened on 21-22 May a Workshop on Employment Policy and the Promotion of Employability Security which brought together government, business, and labour leaders to consider current labour market challenges and the existing and proposed policies to address them. We have made progress on our Joint Study, as noted in the interim report.

**We have taken new steps to strengthen our commercial, social, cultural, scientific and educational ties.** We held on 5-6 May a very successful Transatlantic Conference attend by more than 300 prominent Americans and Europeans from the private and not-for-profit sectors. The group produced a substantial list of recommendations aimed at providing a more coordinated approach to broadening and deepening transatlantic exchanges and training.
Since its adoption two years ago, the New Transatlantic Agenda (NTA) has provided a versatile framework for greater EU-US cooperation on issues of common interest and for more effective management of disputes. A pragmatic approach, based on concrete action, has enabled us to achieve tangible results and bridge differences. In this regard, the early implementation of the various elements of the Understanding reached on April 11 concerning the Libertad Act and the Iran Libya Sanctions Act and the EU's WTO case against the former remains a high priority for both sides. During the Luxembourg Presidency, substantial progress was achieved in the following key areas of the agenda. In addition, we are issuing joint statements on Ukraine, climate change, electronic commerce and regulatory cooperation.

We have intensified our cooperation on key foreign policy issues and enhanced the effectiveness of EU and US diplomacy.

In Bosnia, we worked together to support successful municipal elections and Assembly elections in Republika Srpska and have agreed on a joint strategy to promote human rights and democratization. We have successfully coordinated to bring about Croatia's transfer of war crimes indictees to the International Tribunal in The Hague. We were united in condemning violence against peaceful protesters in the Federal Republic of Yugoslavia (FRY) and in seeking respect for human and political rights in Kosovo through the opening of a comprehensive dialogue between FRY authorities and the Kosovar Albanian leadership. In Albania, we worked successfully to restore democracy and ensure the success of the donors' conference on stabilization and reform. A new high-level, coordinated effort has been undertaken to reach a settlement on Cyprus. We worked closely to advance common interests with regard to Turkey.

In the Middle East, our intensified dialogue and coordination – through US brokering of peace talks, EU diplomatic efforts, and cooperation between our special envoys – have helped to avoid further backsliding in the peace process and sustain the hope of a more prosperous economic future. On Iran, enhanced consultations have underscored common concerns about weapons of mass destruction, terrorism, and human rights. Underscoring our strong commitment to respect for human rights and democratic practices, we have continued to seek out new opportunities to support these principles in the Great Lakes region of Africa, Nigeria, Burma, Cuba, and elsewhere. The Agreement between Euratom and the Korean Peninsula Development Organization (KEDO) entered into force on September 19, 1997, underlining our shared global commitment to strengthen non-proliferation efforts.

The October 1997 EU-US High Level Consultations on Assistance addressed both global and specific areas of cooperation. Practical results included: parallel financing by the EU and US to train local civil servants in Bolivia and support destitute women in Bangladesh; assessment of good governance in Benin; discussions on codes of conduct for food aid and the application of food security instruments; and successful checking of a meningitis outbreak in West Africa, and effective collaboration on epidemic preparedness and pursuit of immunization programs there.

We have strengthened efforts to address global challenges and launched promising new initiatives to fight international crime and address environmental concerns.

We are scheduling a first study visit of experts from US law enforcement agencies to the EU's European Drug Unit (forerunner of EUROPOL). We have held expert-level meetings and seminars on mutual legal assistance, organized crime in Eastern Europe, cybercrime, financing of terrorism, and asylum requests. We have combined forces to combat trafficking in women by launching a joint information campaign in two key transit and source countries – Poland and Ukraine. We completed the first phase of a joint Caribbean Drug Initiative to staunch drug trafficking and have laid the groundwork for concrete action to be agreed at the December 8th Santo Domingo Summit meeting. In our fight against terrorism, we worked together toward the successful conclusion of the UN International Convention on the Suppression of Terrorist Bombings.
Recognizing the importance of a successful Kyoto Conference, we have intensified high-level efforts to bridge differences over climate change and reach a common position. We have pledged funding and begun work to establish four new Regional Environmental Centers in Russia, Ukraine, Moldova and Georgia to be opened in late spring 1998. Our task force on communicable diseases is completing technical arrangements on a surveillance network covering salmonella and E. Coli and, subsequently, other pathogens.

**We have built on our successful collaboration on our multilateral trade agenda and made progress on building the New Transatlantic Marketplace.**

We have worked together in the WTO to conclude by the December deadline the Financial Services Agreement and to ensure that the WTO accessions of China and Russia are accompanied by significant market-opening measures. Our cooperation has helped to ensure the conclusion of a comprehensive OECD anti-bribery convention. Building the New Transatlantic Marketplace, we have made additional progress on the Joint Study. We are initialing this month a positive comity agreement that will greatly enhance cooperation between our competition authorities. We have made good progress in establishing the framework for implementing the Mutual Recognition Agreement initialled in June and continued our negotiations on the inclusion of fasteners and veterinary biologics. We have reached an agreement on humane trapping standards for fur-bearing animals.

**Joint initiatives are expanding the range of contacts between EU and US citizens and organizations, opening new possibilities for cooperative endeavors.**

The Science and Technology Cooperation Agreement being signed on December 5 will promote closer cooperation between our scientists and scientific institutions on cutting-edge issues. The new Transatlantic Information Exchange Service (TIES) will provide internet links between a wide range of EU and US groups interested in people-to-people exchanges. The US Library of Congress and partner libraries in Europe and America are working on a Transatlantic Digital Library. We have created a Transatlantic Civil Society Dialogue. We actively supported a successful conference in Rome of the Transatlantic Business Dialogue (TABD), which has further consolidated positive business involvement in the NTA process, including partnering of small and medium-sized enterprises under the Transatlantic Small Business Initiative (TASBI). Under the successful EC-US Agreement on Cooperation in Higher Education and Vocational Training, we are supporting academic cooperation between some 150 EU and US post-secondary schools.
During the UK Presidency, we have made substantial progress in reaching goals set at the last Summit and overcoming differences which, if left unresolved, could limit our ability to work together.

**We have cooperated on key foreign policy issues to enhance the effectiveness of EU and US diplomacy.**

We have worked together to address the current crisis in Kosovo. We have provided support for the new reformist Government in the Republika Srpska. We drove forward together implementation of the Dayton agreement, in particular, refugee return, including through the recent Refugee Return Conferences of Sarajevo and Banja Luka, and supported economic reforms in Bosnia, as required by the International Financial Institutions.

Following up on the Joint Statement on Ukraine agreed in December 1997, a joint demarche was made to the Ukrainian authorities after the elections, stressing the critical importance of continuing political and economic reforms. We have identified further areas for possible cooperation, including common approaches on trade and investment issues, energy sector reform, civil society and nuclear safety. We have drawn up a five-point agenda for a common approach with the Russian Federation and all interested parties to the problem of nuclear waste management in North West Russia. We are arranging a joint training programme for election monitors in Slovakia to prepare for the 1998 general elections. We have cooperated closely on Turkey and on Cyprus. We are working together to address cross-border smuggling in Romania under the SECI initiative.

Elsewhere we have intensified our consultations on policy towards Iran, focusing on issues of common concern. We have developed closer cooperation on issues such as counter-terrorism and weapons of mass destruction. We have both condemned India's recent decision to conduct nuclear tests. We have established a new, high-level EU-US coordination mechanism on the Middle East Peace Process. We have worked closely on human rights issues in Geneva. The EU and US are both taking steps to press Burma to respect human rights and democratic principles.

We enhanced the impact of our assistance efforts through close coordination of European Commission and USAID programmes. Among our many cooperative endeavors, we have supported good governance in Central America, delivered humanitarian aid to North Korea and emergency assistance to victims of El Nino in Central and South America, launched efforts to combat violence against women, and implemented joint projects to help destitute women in Bangladesh. We co-chaired the May 5 Donor Support Group meeting for Afghanistan in London.

**We have worked together to address global challenges, to promote international law enforcement and address environmental concerns.**

We are jointly supporting information campaigns in Poland and Ukraine to discourage trafficking in women. US law enforcement experts visited the Europol Drugs Unit in January. A return visit by EU experts will take place in June. We have held expert level meetings on corruption and money-laundering under the auspices of the Multidisciplinary Group on Organised Crime. We have explored opportunities for cooperation on stolen vehicles. We have supported the Caribbean Drugs Initiative to tackle drugs trafficking in the Caribbean. We have begun a dialogue on follow-up to the Kyoto Protocol on climate change. We are preparing cooperation on environmental protection in Central Asia. Specific projects are already addressing environmental issues in Brazil and Ukraine.
We have discussed our bilateral trade and economic relationship and our cooperation on multilateral trade issues.

We have intensified our discussions on how to take forward our trade goals as set out in the New Transatlantic Agenda. We have worked together in the World Trade Organisation in preparation for the May Ministerial so as to lay the groundwork for further multilateral negotiations leading to broad based liberalisation and for the Summit celebrating the 50th Anniversary of the GATT. We have managed to defuse a number of potentially serious trade disputes.

We have worked in various fora to advance our common goals on electronic commerce as agreed at the December 1997 Summit, including establishing a dialogue to address the free flow and protection of personal data. We are ready to sign a Positive Comity Agreement to enhance cooperation between our competition agencies. We have completed negotiation of a Veterinary Equivalency Agreement, which will facilitate transatlantic trade in animals and animal products.

We have negotiated a parallel agreement on auto standards within the UN/ECE framework. We have cooperated to improve worldwide protection and enforcement of intellectual property rights. We are signing the Mutual Recognition Agreement and have advanced negotiations on two new sectors – veterinary biologics and fasteners.

We have strengthened links between our peoples.

We are presenting awards to 50 individuals and organisations who have promoted democratic values and civil society in their countries. We have agreed to provide around $2.5 million each for joint civic education and civil society initiatives in Ukraine. We have urged the Transatlantic Business Dialogue to continue its important work strengthening transatlantic trade relations. We have encouraged the launch of other similar dialogues. Following its April meeting, the Transatlantic Labour dialogue (TALD) is being taken forward with action on several fronts, and we have agreed to organise a Consumer Dialogue. Our grant-giving foundations and NGOs have agreed to work together to better allocate scarce resources; a handbook of relevant EU and US NGOs and initiatives has been published. We held the first meeting of the Joint Committee on Higher Education and Vocational Training, which welcomed the solid achievements made in this field under the NTA.

We have involved our parliamentarians more closely in the EU/US process: an increased number of parliamentary visits took place; and an interneship programme has been set up in the European Parliament and in the US Congress. As part of our implementation of the Science and Technology Cooperation Agreement signed in December 1997, we are holding in June an EU/US roundtable conference. We jointly organised a forum in Akron, Ohio, in February to look at ways to increase employability and tackle social exclusion. We have given support for the successful implementation of the Transatlantic Information Exchange Service (TIES), a mega-site on the Internet which will enable our NGOs to develop contacts and cooperate together.
ANNEX IV

SUMMARY OF TPN WORKING GROUP CONCEPT

It is essential that these working groups have their independence of operation, relying as little as possible on the TPN Director for assistance. Means must be found to ensure their own momentum while keeping them within the main orbit of TPN.

1. Each working group must have clearly established objectives which are in line with the main focus of TPN.

2. Each group should have at least 2 political chairmen (1 EU & 1 US) with 2 supporting business chairs (1 EU & 1 US), as well as one, if not more, cooperating institutions involved.

3. It should be for the cooperating institutions involved, under political oversight, which prepare the working group documents for circulation to members of the working groups.

4. Membership of the working groups should be limited to TPN members only, unless the chairmen of the working groups agree to seek outside advice on specific points.

5. Communication should be done by e-mail or other dedicated electronic channels e.g. intranets for the delivery of messages or documents. It is essential that all involved in the working groups should have an easy means of communication which is compatible.

6. As and when particular stages arrive in the development of ideas in each of the working groups, then video conferencing could introduce a broader Transatlantic dimension to the discussion. In addition, presentation of summaries of ongoing progress can be given to either the Spring or Autumn Meetings of TPN.

TPN currently has 4 Working Groups as follows:

WORKING GROUP 1 - TRANSATLANTIC MARKETPLACE

WORKING GROUP 2 - TRANSATLANTIC MONETARY DIALOGUE

WORKING GROUP 3 - SCIENCE AND TECHNOLOGICAL COOPERATION

WORKING GROUP 4 - UKRAINE
ANNEX V

PROPOSAL FOR ENHANCED U.S. CONGRESS – EUROPEAN PARLIAMENT COOPERATION

The delegations of the European Parliament and the United States Congress, meeting in Houston, Texas, on 26, 27 and 28 June 1998,

- convinced of the need for enhanced participation of the European Parliament and the US Congress in the expanding economic and political links now being rapidly developed and institutionalized under the New Transatlantic Agenda, signed on December 3, 1995;

- determined to limit the growth of an emerging 'democratic deficit' in EU-US relations;

will take steps to:

1. request the Presidency of the EU and the President of the United States to associate members of the European Parliament and the United States Congress with all future EU-US summit meetings;

2. suggest that this association should consist of a formal session with the Senior Level Group (SLG) prior to each summit to ensure that key issues of concern to legislators on both sides are reflected in the SLG Report to the summit, and of attendance at a portion of each summit as observers.

The two delegations:

- Will consider how the existing interparliamentary exchange might be transformed into a de facto 'transatlantic assembly' which would work toward clarifying and resolving substantive issues of common interest to the two legislatures and provide appropriate input into the summit process;

- Will ensure that participation in the regular EP-US Congress interparliamentary meetings includes members with expertise in the expanding range of issues dealt with under the New Transatlantic Agenda;

- Will appoint a working group consisting of one or two members from each of their respective bodies, with appropriate staff support, to design a structure for the 50th and subsequent interparliamentary meetings which will allow for the proposals set out above to be put into effect.