



European Commission

The European Union and the United States

Global partners, global responsibilities

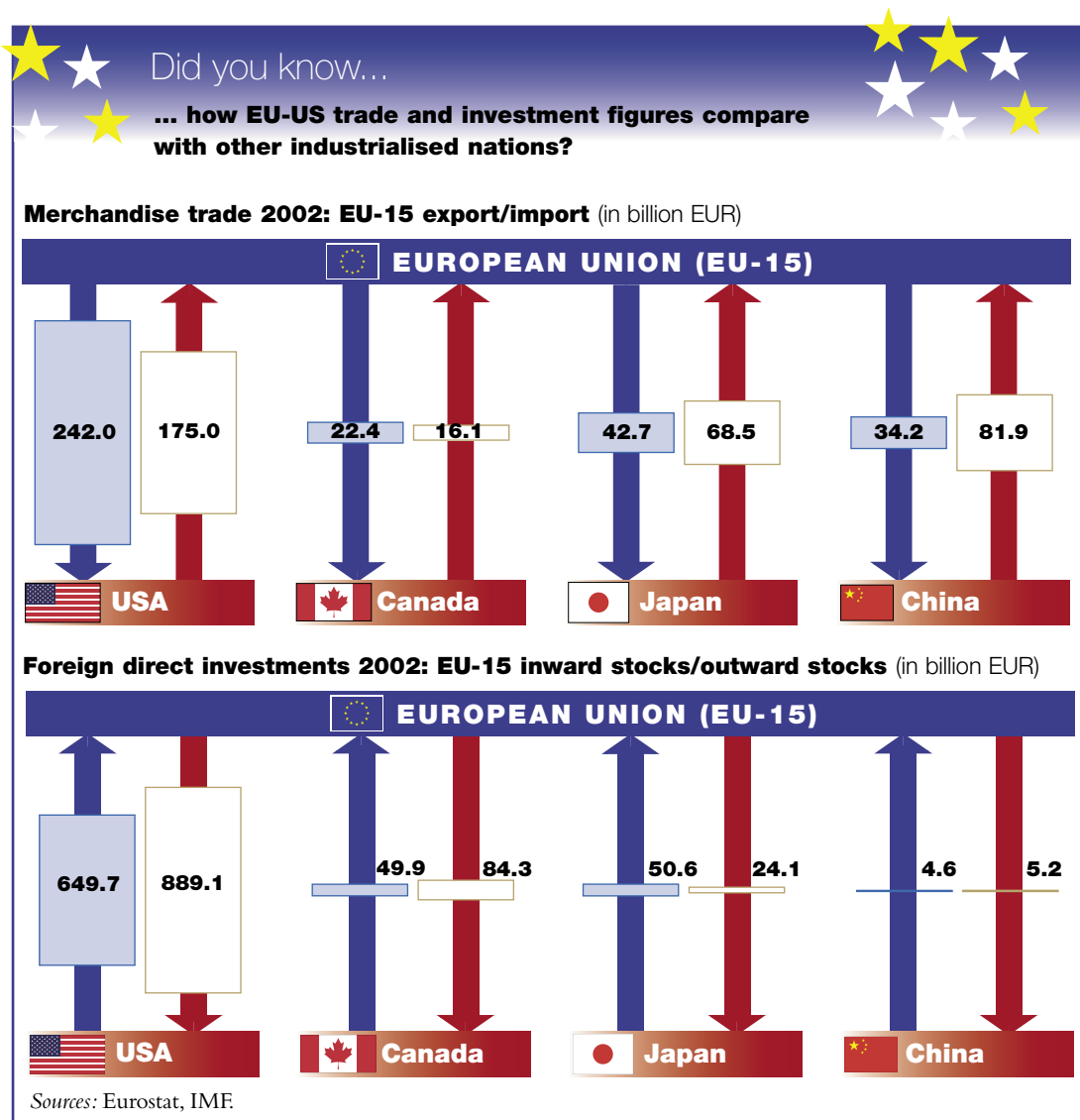
Allies with global responsibilities

Our relationship is founded on strong and enduring ties between our peoples and shared fundamental values, including respect for human rights and individual liberty, democratic government and economic freedoms. ... From this foundation, we are determined to forge a common and cooperative approach to the complex and changing global environment in which we live and the new challenges we face. Experience has taught us that, when the EU and US work hand-in-hand, either bilaterally or multilaterally, we can be an engine for positive global change, nurturing the development of democratic regimes, opening trade and investment, working to reduce poverty, and protecting the environment....

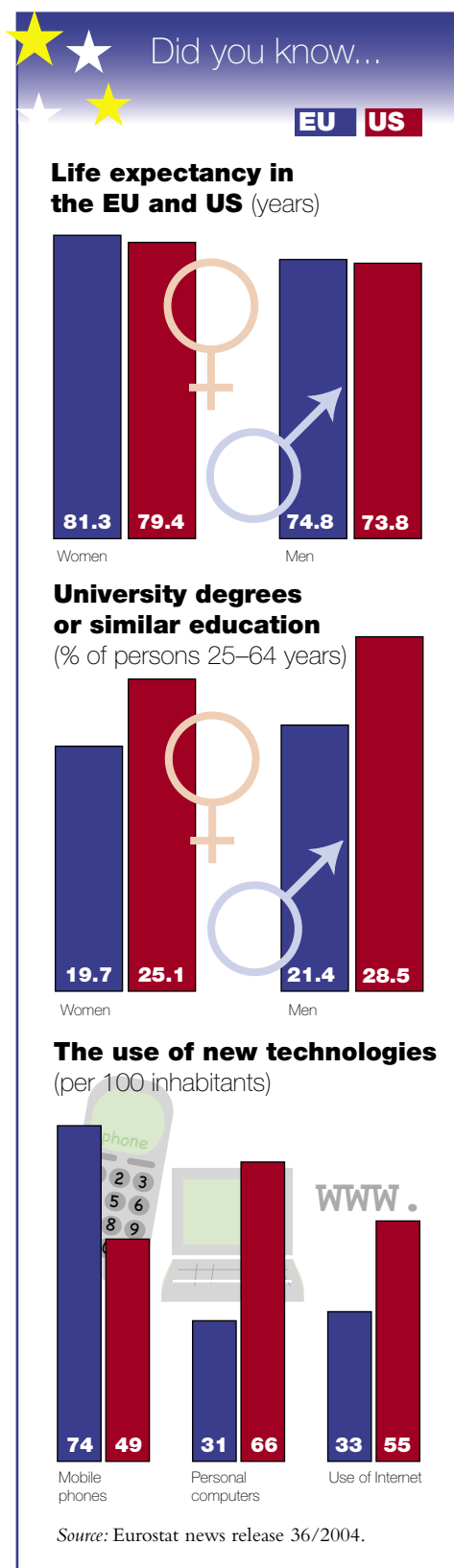
Joint statement at the EU-US summit in Göteborg (Sweden), 14 June 2001.

The world's two greatest powers

The European Union and the United States are the two largest economies in the world and have the biggest bilateral trade and investment relationship. By working together, the US and the EU can promote their common goals and interests in the world much more effectively than they can separately.



Allies with global responsibilities



Both partners share common interests in developing coherent strategies in order to promote peace and stability, to create conditions for harmonious economic development in the wider world and to promote the stability of the international trade, financial and monetary systems, as well as the economic integration of countries in transition and developing countries.

The EU and the US are linked by a similar set of values. They have a common belief in democratic government, human rights and market economics, and they are bound by close security ties. Both sides share a common concern in handling effectively a wide variety of political and security issues across the globe. The EU and the US have to confront global challenges such as terrorist threats, menace to security and stability, weapons proliferation, drugs, organised crime and many other important issues.

Awareness is increasing amongst Americans that the EU is its most important partner in the economic domain. The creation of a single European market, extended by a further 10 nations on 1 May 2004 has boosted cross-border business, creating economies of scale, increasing Europe's competitiveness and leverage on world markets, and providing new opportunities for US exporters and investors. The introduction of the euro has further reduced costs and increased efficiency not only for Europeans, but also for those US economic operators who are present on the EU market.

A long and enduring relationship

The richness and diversity of American society owes much to successive waves of immigration from practically every European country during the course of the past 500 years. This accounts for the extent to which Europeans and Americans share common values and maintain close cultural, economic, social and political ties. Of course, this is reflected in close transatlantic relations. In addition, the US has traditionally been a stalwart supporter of integration between the nations of Europe, which is today embodied in the European Union. The US has always supported Europe's efforts to shape its own destiny.

The United States has maintained diplomatic relations with the European Union and its forerunners since 1953, when the first US observers to the European Defence

Did you know...

...that in 1954 a first information office was established in Washington, which in 1971 became a full diplomatic delegation? It is divided into eight sections, in which 80 staff are working.

...how to contact the delegation?

Delegation of the European Commission to the United States

2300 M Street, NW
Washington DC 20037
Tel. (1-202) 862-9500.
Fax (1-202) 429-1766.
E-mail: relex-delusw-help@cec.eu.int
Website: <http://www.eurunion.org/>



Community and the European Coal and Steel Community (ECSC) were nominated. In 1961, the US mission to the European Communities — now the European Union — was established. The European Commission is represented in the United States by a delegation in Washington, which was established in 1954 largely thanks to the work of the then President of the ECSC, Jean Monnet. A New York office, accredited as observer to the United Nations, was established in 1964. In 1971 the Washington office became a delegation with full diplomatic privileges and immunities. The delegation represents the Commission in its dealings with the US government for all matters within EU competence. It reports on US developments to headquarters in Brussels, and acts as a liaison with other international institutions in Washington DC.

To assess and develop transatlantic cooperation, the European Union and the United States hold regular presidential summits. These summits bring together the President of the United States, the President of the European Commission, the Head of State or Government of the EU Member State

Allies with global responsibilities

holding the EU Presidency and the High Representative for Foreign and Security Policy of the Council of the EU. The EU-US presidential summits came into being as a result of the November 1990 transatlantic declaration which for the first time formalised the United States' contacts with what was then called the European Community. The transatlantic declaration recognised the EU's pivotal role in both the political stability and economic reconstruction of former communist countries of central and eastern Europe. Eight of those countries (plus Malta and Cyprus) acceded to the EU on 1 May 2004 and Bulgaria and Romania are supposed to follow in 2007.

A new era for transatlantic relations

It soon became clear that the regular consultation procedures introduced by this declaration, though a step forward in our bilateral relations, were not enough and that we needed to undertake decisive joint action in many areas. The internal strengthening of Europe under the 1992 Maastricht Treaty, which created the European Union, offered new possibilities for a closer and more equal partnership. The emergence of a European common foreign and security policy meant that the United States would have a more solid and coherent partner in all areas, beyond trade matters. A joint response by the US and Europe to a growing number of external challenges was needed, for example, in relation to the threat of proliferation of weapons of mass destruction, and of international terrorism, the fragile peace process in the Middle East, and the need to safeguard economic growth and employment.

To meet these kinds of challenge, a decisive step forward in the relations between the two partners was taken at the EU-US summit in Madrid, in December 1995, when the European Union and the United States adopted the New Transatlantic Agenda (NTA). Both sides pledged to work together to promote peace, democracy and stability, foster economic growth and liberalisation worldwide, meet global challenges such as terrorism and environmental degradation, and to build stronger non-governmental links between the people of Europe and the United States. Thus, the new transatlantic agenda launched an era of unprecedented cooperation on a wide range of political and economic issues.

Cooperation between the executive branches of the EU and the US is reinforced by regular dialogue between the legislatures. The importance of meetings between representatives of the US Congress and of the European Parliament has been increased as the latter has developed a much stronger role in decision-making in the EU, from its beginnings as a largely consultative assembly to its current status as the directly-elected voice of EU citizens. Their joint transatlantic legislators' dialogue (TLD) is one of the clearest signs of the great importance that EU and US elected representatives give to transatlantic relations.

June 2004





The New Transatlantic Agenda

For the last 50 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.

The new transatlantic agenda, adopted on 3 December 1995 at the EU-US summit in Madrid.

A new quality of partnership...

On 3 December 1995 at the EU-US summit in Madrid, European Commission President Santer, Spanish Prime Minister González, as President of the European Council, and then US President Clinton signed the New Transatlantic Agenda (NTA). This provided a new framework for a partnership of global significance, designed to lend a new quality to the transatlantic relationship, moving it from one of consultation to one of joint action in four major fields:

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

The NTA is accompanied by a joint EU-US action plan setting out no less than 150 specific actions to which the EU and US have committed themselves. These range from promoting political and economic reform in Ukraine to combating AIDS; from reducing barriers to transatlantic trade and investment to promoting links between colleges and universities. It is an agenda which is ambitious, outward-looking and which affects all sectors of society from big business to the individual citizen.

...with concrete benefits for the partners

Since the NTA was adopted, the EU and US have made good progress in implementing the actions which were agreed. In many cases this has direct, beneficial implications for the citizens and business across the Atlantic.

We have reduced barriers to trade, benefiting businesses and consumers on both sides. Within this framework, a new initiative to reinforce the transatlantic economic partnership was launched at the EU-US summit on 18 May 1998 in London under the TEP, negotiations began in November 1998 on several bilateral agreements, complemented by a wide range of bilateral cooperative actions and a regular dialogue on multilateral trade policy issues. We have concluded agreements to remove technical barriers to trade by mutual recognition of conformity assessment, and to work together on customs procedures.

We have developed a series of joint projects from the Ukraine to the Caribbean, to promote civil society, to support democracy, to combat illicit drugs and to fight against terrorism. We have decided to cooperate systematically on higher education and vocational training and on science and technology and to hold high level consultations on security, environment, energy, fisheries and information society. We have encouraged parliamentarians, business-people, trade unionists, consumers and people from all walks of life to meet and to make their own contribution to the transatlantic dialogue. Each side supports initiatives to bring our societies closer together, for example the European Union centres in the United States.

Alongside these elements of cooperation, the NTA also provides us with a framework within which we can address our differences more constructively. A partnership does not exclude tough talking

The New Transatlantic Agenda

on difficult issues. But the strength of our relationship means that even thorny subjects such as the US' extraterritorial legislation, Foreign Sales Corporations, or the different approaches to consumer protection on questions such as genetically-modified food do not prevent progress in other areas.

.....and a positive impact on the global community

But the benefits of our close bilateral relations reach well beyond the EU and the US. As powers of global significance, the EU and the US have a responsibility to cooperate to provide leadership in the world. The NTA is quite deliberately an outward-looking agreement committing both partners to cooperate on issues of global importance. This applies as much to the field of foreign affairs and development as to the more traditional area of trade.

The consequences of 11 September 2001 in New York City and 11 March 2004 in Madrid have further demonstrated how our economies and political prospects are intimately dependent. We are operating in a global context, fighting common challenges, and are committed to closely cooperate and adopt mutually supportive initiatives. A lot has been done to address the threat of terrorism, from fighting the financing of terrorist organisation to judicial and police cooperation, from the higher security standards in the transport sector to cooperation on border controls.

Together, the EU and the US are working to consolidate peace and democracy in the former Yugoslavia and to stabilise the Middle East region, to rebuild Afghanistan and Iraq, to alleviate poverty in the developing world. We have also cooperated to address the global issues which are of most concern to our citizens, agreeing measures to combat international organised crime and to stem the trade in illegal drugs. We are working together in organisations such as the World Trade Organisation and the Organisation for Economic Cooperation and Development to encourage our trading partners to join with us in our efforts to liberalise trade and investment on a multilateral basis so that businesses and consumers across the world can benefit from the economic gains that these bring.

An intensive dialogue

This ambitious agenda of cooperation between the EU and US in such a large number of areas requires intensive dialogue. The yearly summits between the Presidents of the European Commission and the European Council and the President of the United States are the edge of an intensive dialogue for the implementation of the NTA.

The summits are prepared by a group of senior level representatives (SLG) (composed of senior officials each from the European Commission, the EU Presidency and the US State Department) which has been entrusted to oversee work of the NTA. The SLG meets four to six times a year and prepares a report to the summit leaders on achievements and new priorities. It is supported in its work by an NTA task force, which follows closely the day-to-day implementation of the NTA, prepares the SLG meetings, and recommends areas for SLG input.

Prospects for the future

We are approaching the 10th anniversary of the NTA and soon the political juncture will be ripe to assess the results of the NTA and adapt it to reflect new realities. The ultimate goal is to optimise our partnership, making it even more fruitful and mutually beneficial, to increase wealth, prosperity and well-being on both sides of the Atlantic, and to enable the EU and the US to contribute to increased security, stability and welfare at global level.

June 2004



Promoting global peace, stability and democracy

The transatlantic relationship is irreplaceable. Acting together, the European Union and the United States can be a formidable force for good in the world. Our aim should be an effective and balanced partnership with the USA.

'A secure Europe in a better world', European security strategy adopted in December 2003.

Since the end of the Second World War, the United States and its European allies and partners have worked closely together to protect the freedoms for which that war was fought. More than simply a matter of Cold War expediency, this relationship was built on solid and enduring foundations: a common commitment to the principles of democracy, ever-deepening economic ties and collective security. This relationship secured the future of democracy in western Europe and with the end of the Cold War, allowed its spread to central and eastern Europe.

The European Union's new neighbourhood

Enlargement of the EU on 1 May 2004 has brought us new neighbours. At the Thessaloniki European Council in June 2003 EU leaders committed themselves to reinforcing shared values and promote our common interests, through developing new policies toward Wider Europe, our new neighbourhood. In March 2004 the Council welcomed the Commission communication entitled 'Paving the way for a new



neighbourhood instrument'. The aim is enhancing cross-border cooperation on the external borders of the Union, in particular regional/transnational cooperation by developing relevant instruments. The Commission will work out neighbourhood programmes covering the external borders of the enlarged Union for the 2004-06 period as an intermediate step before possible creation of a single new neighbourhood instrument.

While political, economic and social conditions vary from border to border, the neighbourhood programmes will address the following key cooperation objectives:

- promoting sustainable economic and social development in the border areas;
- working together to address common challenges, in fields such as environment, public health, and the prevention of and fight against organised crime;
- ensuring efficient and secure borders;
- promoting local, 'people-to-people' type actions.

Promoting global peace, stability and democracy

Poverty and disease — sources of instability

The victory of democracy in Europe has only served to highlight continuing problems in the wider world. Since 1990 almost four million people have died in wars, 90 % of them civilians. Worldwide, 18 million people have been forced from their homes as a result of conflict. Across the developing world, poverty and disease cause human suffering and give rise to political instability. Half the world's population — almost three billion people — live on less than EUR 2 a day and each year 45 million die from hunger and malnutrition.

The moral responsibility of the EU and the US is to work as closely as possible to help alleviate these problems. But more than that, we all recognise that the symptoms of these crises — failed States, displaced populations, ethnic, social and religious conflict, environmental degradation — cannot be ignored as remote and irrelevant. We have seen all too clearly that their consequences can touch all of us directly and sometimes painfully.

The European Security Strategy

The European Security Strategy has identified the nature of the threats posed to us and seeks to bring a new coherence to Europe's response to them.

Terrorism puts lives at risk; it imposes large costs; it seeks to undermine the openness and tolerance of our societies and it poses a growing strategic threat to the whole of Europe. Increasingly, terrorist movements are well-resourced, connected by electronic networks, and are willing to use unlimited violence to cause massive casualties.

The most recent wave of terrorism is global in its scope and is linked to violent religious extremism. It arises out of complex causes. These include the pressures of modernisation, cultural, social and political crises, and the alienation of young people living in foreign societies. This phenomenon is also a part of our own society. Europe is both a target and a base for such terrorism: European countries are targets and have been attacked. Logistical bases for Al Qaeda cells have been uncovered in the United Kingdom, Italy, Germany, Spain and Belgium. Concerted European action is indispensable and initiatives have been launched to enhance cooperation within the EU.

Weapons of mass destruction

Proliferation of weapons of mass destruction (WMD) is potentially the greatest threat to our security. The international treaty regimes and export control arrangements have slowed the spread of WMD and delivery systems. We are now, however, entering a new and dangerous period that raises the possibility of a WMD arms race, especially in the Middle East. Advances in the biological sciences may increase the potency of biological weapons in the coming years; attacks with chemical and radiological materials are also a

serious possibility. The spread of missile technology adds a further element of instability and could put Europe at increasing risk. The most frightening scenario is one in which terrorist groups acquire weapons of mass destruction. In this event, a small group would be able to inflict damage on a scale previously possible only for States and armies.

Regional conflicts such as those in Kashmir, the Great Lakes Region and the Korean Peninsula impact on European interests directly and indirectly, as do conflicts nearer to Europe, above all in

the Middle East. Violent or frozen conflicts, which also persist on our borders, threaten regional stability. They destroy human lives and social and physical infrastructures; they threaten minorities, fundamental freedoms and human rights. Conflict can lead to extremism, terrorism and State failure; it provides opportunities for organised crime. Regional insecurity can fuel the demand for WMD. The most practical way to tackle the often elusive new threats will sometimes be to deal with the older problems of regional conflict.

State failure due to bad governance — corruption, abuse of power, weak institutions and lack of accountability — and civil conflict corrode States from within. In some cases, this has brought about the collapse of State institutions. Somalia, Liberia and Afghanistan under the Taliban are the best known recent examples. Collapse of the State can be associated with obvious threats, such as organised crime or terrorism. State failure is an alarming phenomenon that undermines global governance, and adds to regional instability.

Organised crime

Europe is a prime target for organised crime. This internal threat to our security has an important external dimension: cross-border trafficking in drugs, women, illegal migrants and weapons accounts for a large part of the activities of criminal gangs. It can have links with terrorism. Such criminal activities are often associated with weak or failing States. Revenues from drugs have fuelled the weakening of State structures in several drug-producing countries. Revenues from trade in gemstones, timber and small arms, fuel conflict in other parts of the world. All these activities undermine both the rule of law and social order itself. In extreme cases, organised crime can come to dominate the State. Some 90 % of the heroin in Europe comes from poppies grown in Afghanistan — where the drugs trade pays for private armies. Most of it is distributed through Balkan criminal networks which are also responsible for some 200 000 of the 700 000 women victims of the sex trade worldwide. A new dimension to organised crime which will merit further attention is the growth in maritime piracy. Taking these different elements together — terrorism committed to maximum violence, the availability of weapons of mass destruction, organised crime, the weakening of the State system and the privatisation of force — we could be confronted with a very radical threat indeed.

EU-US cooperation

In response to the terrorist attacks on the US, the EU moved quickly to adopt a common definition of terrorism, to impose uniform criminal penalties for terrorism and establish a list of groups and persons suspected of involvement in terrorist activity. Institutions such as the Europol (the European Police Office) and Eurojust (which brings together prosecutors and magistrates from across the Union) were strengthened, given new tasks in the fight against terrorism and tasked to work more closely with the US. Agreement was reached on a common European arrest warrant and on new measures against money-laundering. Intensive EU-US discussions have been held to facilitate the introduction of new measures aimed at enhancing the security of maritime container traffic and at reaching agreement on the use of passenger information in border security regimes. At the June 2003 EU-US summit, EU-US agreements were signed on extradition (reducing the delays in the handling of requests and broadening the range of extraditable offences through an alleviation of legalisation) mutual legal assistance (allowing EU and US law enforcement authorities access to bank accounts in each others respective jurisdictions and improving practical cooperation by reducing delays in mutual legal assistance). Counter-terrorism policy is kept under constant review in the context of EU-US dialogues and we have recently initiated an enhanced EU-US security dialogue to further strengthen cooperation in this area.

Promoting global peace, stability and democracy

Counter-Terrorism Coordinator

In the aftermath of the Madrid bombings in March 2004, the European Council agreed to the appointment of a Counter-Terrorism Coordinator, within the Council Secretariat, to coordinate the work of the Council in combating terrorism and to maintain an overview of all the instruments at the Union's disposal with a view to regular reporting to the Council and effective follow-up of Council decisions.

The EU has adopted a strategy against the proliferation of weapons of mass destruction and the Secretary General of the Council and High Representative for Foreign and Security Policy has appointed a personal representative to ensure the implementation of the strategy. Key aspects of the strategy include mainstreaming non-proliferation policy into our dealings with third countries (chiefly through the inclusion of non-proliferation clauses in EU agreements with these countries), strengthening the commitment of EU Member States to multilateral arms control regimes, contributing to a strengthening of international bodies tasked with monitoring proliferators' activity and working to enhance the EU's own controls over the movement of weapons of mass destruction (WMD) associated material. We are working closely with the US in the context of the G8 global partnership against WMD proliferation and are seeking to build on important programmes such the cooperative threat reduction programme which has been so important in monitoring WMD-related material and expertise in the former Soviet Union.

The EU and the US have both recognised the impact of regional conflict both in the direct consequences of violence and misery inflicted on those involved and on the interplay of organised crime, terrorism, poverty and disease which can affect those far removed geographically from the immediate seat of conflict. We have acquired long experience of working alongside each other in the western Balkans where the European Communities have been far and away the largest donor in the aid and reconstruction process contributing around EUR 8 billion since 1991. In Afghanistan the EU and US together have provided the mainstay of the international reconstruction effort. In the resolution of such conflicts we have brought to bear not just financial resources but also technical expertise, and crucially, a commitment to principles of democracy and freedom, the absence of which all too often has encouraged the spread of regional conflict. And whilst we recognise the importance of using the full array of political and financial instruments, EU Member States have also been willing to back up these principles with the deployment of substantial numbers of troops, often alongside US forces, in Bosnia, Kosovo, Afghanistan, the Democratic Republic of Congo and most recently Haiti.

EU support for regional dialogues

Away from the headlines generated by the world's conflict zones it is just as important to note that the EU's commitment to engage in regional dialogues in Asia, Africa, and most notably the Euro-Mediterranean region has helped in the avoidance of potential conflicts. Thus the MEDA I programme (1995-99) committed EUR 3.06 billion to support countries engaged in the so-called Barcelona process and MEDA II (2000-04) EUR 5.35 billion. In addition, the European Investment Bank (EIB) has provided EUR 7.4 billion in loans. Similarly, under the terms of the 2000 Cotonou Agreement with African, Caribbean and Pacific States, the EC agreed to the establishment of a EUR 13.5 billion European Development Fund. This aims to create a more favourable context for sustainable development and poverty reduction, and to reverse the processes of social, economic and technological marginalisation in regions in which almost half the population live in conditions of absolute poverty on less than EUR 1 per day.

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Responding to global challenges

Responding to global challenges

The European Union and the United States share concerns about new global challenges which cut across national boundaries and which threaten the safety and quality of life of our citizens. These include development notably poverty reduction, degradation of the environment, and communicable diseases. The EU and the US have pledged to address these challenges in an effective manner in the framework of the new transatlantic agenda.

Development and human rights

Intensive joint consultations on human rights issues take place, especially in the run up to the yearly sessions of the UN Commission of Human Rights. The EU is seeking global abolition of the death penalty and has repeatedly raised this issue with the US. The EU is a major contributor to official development assistance (ODA). Its 2002 contribution totalled EUR 24.6 billion, while US ODA (privileging



trade), was EUR 10.9 billion. Both sides are major aid donors and worked together earlier in 2002 to bring about a successful conclusion to the Monterrey financing for development conference. We have developed operational coordination in providing humanitarian assistance to crisis-hit areas like the Horn of Africa, Sierra Leone, south-eastern Europe, Central America and other regions. We have established cooperation on conflict prevention, food security and on health, jointly fighting the spread of the three major communicable diseases in Africa, HIV/AIDS, malaria and tuberculosis.

Did you know...

how much was spent on official development aid (ODA) in 2002?

	Million EUR	% of GNI
EU-15 (*)	24,566	0.35
Australia	811	0.26
Japan	7,615	0.23
USA	10,901	0.13

(*) 15 EU Member States and the European Commission.
Source: OECD/DAC.

Responding to global challenges

Environmental protection

There is a long-standing EU-US dialogue in the field of the environment. The EU and US conduct regular bilateral discussions on environmental issues through 'High-level consultations on the environment', as well as numerous working contacts on specific topics.

This relationship is currently overshadowed by the difference of positions regarding the role of the Kyoto Protocol, under the UN Climate Change Convention, and the reduction of CO₂ emissions in the fight against climate change. To the dismay of the international community, the US Administration has decided that it will not implement the Kyoto Protocol. This remains a serious cause for concern for the European Union, and other international partners, as it puts in jeopardy the whole process of implementing the Kyoto Protocol in a timely way, and risks causing an unwarranted and unaffordable delay in concrete action at global level to tackle climate change.



However, while the European Union continues to take every opportunity to pursue this key issue of climate change, regular bilateral contacts and cooperation with the US on other specific environmental topics continue. Our aim is to promote a better understanding of each other's policies and legislation, and positions in international fora and negotiations. This is the case, for instance, in the area of chemicals, endocrine disruptors and biotechnology.

In addition, the EU and the US have cooperated over several years to set up and assist in the running of 'Regional environmental centres' (RECs) in the New Independent States — in Russia, Georgia, Moldova, Ukraine and Central Asia. Apart from managing grant programmes to NGOs, the regional environmental centres are intended to support NGO activities, to act as intermediaries between governments and the public, to work with the private sector for sustainable development, and to provide a focal point for information and training in the field of environment. The EU and the US will continue to work closely on the RECs as they develop their activities.

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Did you know...
where the money for the global fund to fight AIDS, tuberculosis and malaria comes from?

Payments (million USD) (As of 31 March 2004)	
EU	1,305
USA	623
Japan	230
Canada	50

Source: The global fund to fight AIDS, tuberculosis and malaria.

Communicable diseases

The EU and US have both committed substantial resources to the fight against communicable diseases, and consult each other regularly to coordinate their efforts, both bilaterally and in the context of the global fund to fight AIDS, tuberculosis and malaria. In addition to the money committed by its Member States, the European Community has committed a further EUR 1 billion to the fight against AIDS, tuberculosis and malaria for the period 2003-06.

The failure of health systems, the emergence of resistance to drugs, the effect of population movements, unplanned development, conflicts and poverty contribute to the increasing spread and burden of these diseases. Moreover, preventive measures and treatment are failing to reach the poorest and most vulnerable people. It is clear that more effective global cooperation is needed to reverse this trend.

Encouraging international partnership

In response, the EU and US stepped up cooperation on these three diseases at the Queluz summit in May 2000. There, the EU and the US made a commitment to stem the spread of HIV/AIDS, malaria and tuberculosis in Africa, and to address their severe economic, social and personal consequences. The EU and the US seek to encourage international partnerships

with WHO, UNAIDS and other agencies, the donor community, involved host countries, the pharmaceutical industry and civil society to develop new and coordinated responses, sustain national health strategies and improve access to drugs. Through mobilising EU and US representatives in Africa, we are working together with national leaders of host countries, to share relevant information and to strengthen local capacity to deliver the necessary health services. We have also increased the links between our respective research activities and we coordinate our research tasks.

A key element in our bilateral discussions is the issue of lower prices for key medicines and other pharmaceuticals for developing countries. The EU welcomes the establishment of the global fund as an important contribution in this respect. Industry is a key partner in this area and we consider initiatives by pharmaceutical companies to lower prices a step in the right direction. The EU was at the forefront of efforts within the World Trade Organisation (WTO)





ics to treat killer diseases such as HIV/AIDS, tuberculosis or malaria. For its part, the EU has also adopted new legislation ensuring the delivery of cheap medicines (tiered priced) to developing countries. This legislation encourages the pharmaceutical industry to make products available at near to cost-of-production price, preventing the re-importation of reduced-price medicines into Europe, thus ensuring that the medicines reach populations in need.

to ensure access to cheap medicines for developing countries. A first step was the adoption of the Doha declaration on the TRIP's agreement (agreement on the trade-related aspects of intellectual property) and public health in November 2001. This declaration called for rules protecting intellectual property rights (TRIPS) to be supportive of the right to protect public health and, in particular, to promote access to medicines for all. In August 2003 the WTO finally agreed on a scheme giving poor countries without production capacity access to gener-

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Economic relations

The transatlantic economic relationship has grown strongly over recent years, to the significant benefit of both economies. The EU and the US are each other's main trading partners (taking goods and services together) and account for the largest bilateral trade relationship in the world. The transatlantic relationship defines the shape of the global economy as a whole as either the EU or the US is also the largest trade and investment partner for almost all other countries.

The huge amount of bilateral trade and investment illustrates the high degree of interdependence of the two economies. Close to a quarter of all US-EU trade consists of transactions within firms based on their investments on either side of the Atlantic.

Did you know...
that both economies are tied together strongly?

For example:

The EUR 2 trillion transatlantic economy employs over 12 million workers on both sides of the Atlantic who enjoy high wages, high labour and environmental standards, and open, largely non-discriminatory access to each other's markets.

In the year 2000 US firms employed 4.1 million workers in Europe. European companies provided a job for some 4.5 million US workers.

Transatlantic trade accounts for 20 % of transatlantic commerce. EU-US trade disputes account for 1 % of transatlantic commerce.

In 2001 Europe accounted for half of total global earnings of US companies.

Source: Quinlan, Joseph P: 'Drifting apart or growing together? The primacy of transatlantic economy'. Washington DC; Center for Transatlantic Relations, 2003.



This EU-US bilateral trade relationship must also be placed in the broader multilateral context. The EU-US partnership was the key driving force behind the launch of the Doha Development Agenda (DDA) round of negotiations in November 2001.

The joint commitment of the EU and the US has found its clear expression in the New Transatlantic Agenda (NTA) of 1995 and in the Transatlantic Economic Partnership (TEP) of 1998. The cooperative spirit of the EU-US partnership has been reaffirmed at the EU-US summit of 2 May 2002 through the launch of a 'Positive economic agenda'.

The economic relationship goes far beyond pure trade matters and is supported by a number of institutionalised dialogues and regulatory cooperation between the partners.

New elements have been added to this agenda in the wake of mounting terrorist threats. They are related to security matters and have an undeniable impact on our economic relations.

Economic relations

Bilateral trade and investment

The EU and the US both account for around one fifth of each other's bilateral trade. In 2002, exports of EU goods to the US amounted to EUR 242 billion (24.3 % of total EU exports), while imports from the US amounted to EUR 175 billion (17.7 % of total EU imports).

In services, EU imports from the US were EUR 108.53 billion (35.45 % of world flows) and EU exports to the US amounted to EUR 114.89 (35.08 % of world flows) in 2002. The investment links are even more substantial. The EU and US are each other's most important source for foreign direct investment. The total amount of two-way investment amounts to over EUR 1.5 trillion. In 2002, EU total foreign direct investment (FDI) in the US was EUR 889 billion; US total FDI in Europe around EUR 650 billion.

Despite such an impressive record in economic integration, a number of actual and potential trade disputes between the two transatlantic partners spoil the otherwise bright picture. They include trade issues like the banana conflict or the steel dispute which have been solved or the ongoing dispute over the US legislation on Foreign Sales Corporations, where the EU has started to impose sanctions for non-compliance of the US with the rulings of the World Trade Organisation. Several other cases are pending a move by the US towards compliance.

Many problems arise because the EU and the US are not only partners, but also competitors in the global marketplace, or because of different regulatory systems and approaches, reflecting societal choices. Examples of the latter are the EU ban on hormone treated beef, where the WTO authorised the US to take measures against the EU, and the different perception of risks associated with Genetically Modified Organisms (GMO's) on both sides of the Atlantic, where the US has brought a case at the WTO.

Even if the economic impact of these disputes constitutes only a small proportion of less than 2 % of the overall trade volume, they tend to attract the headlines and need to be managed adequately.

Both sides are committed to addressing the existing and future obstacles to trade and investment in the transatlantic market through the appropriate channels, i.e. bilaterally or through the WTO dispute settlement mechanism. Compliance with WTO rulings is of importance for the credibility of the multilateral trading system.

The multilateral context

As the world's major trading powers, the EU and the US can exercise considerable influence on global trade and investment, but it is vital that we do this together and in close cooperation with all our other trading partners. The EU-US partnership was one of the key driving forces behind the launch of the Doha Development Agenda round of negotiations in November 2001, which aims at deepening trade liberalisation while ensuring integration of developing countries in the multilateral trading system. Although the failure of Cancún in September 2003 was obviously a set-back in the process, it has led to a period of global rethinking. The EU-US cooperation on the round is continuing. Both

Did you know...

EU and US jointly represent 10 % of the world population and account for roughly 40 % of world trade and over 60 % of the world's GDP.



sides are willing to conclude the Doha Development Agenda as soon as possible. The EU focuses remain on agriculture, industrial tariffs, the Singapore issues (investment, competition, transparency in government procurement and trade facilitation) and development.

The New Transatlantic Agenda

The New Transatlantic Agenda (NTA) was launched in December 1995 at the EU-US summit in Madrid. It provided a new framework for a partnership of global significance, designed to lend a new quality to the transatlantic relationship by moving it from one of consultation to one of joint action in four major fields, including the chapter 'Contributing to the expansion of world trade and closer economic relations'. Since then, good progress has been made in implementing the actions agreed upon in a joint EU-US action plan, which also included the intention to reduce barriers to transatlantic trade and investment.



The Transatlantic Economic Partnership

Nevertheless, a number of barriers to trade and investment continue to exist in the transatlantic marketplace, as highlighted by the European Commission's and the US trade representative's respective annual trade barriers reports, demonstrating the need to increase the level and quality of bilateral cooperation. This motivated the EU and the US to agree to the launching of the Transatlantic Economic Partnership (TEP) at the EU/US summit on 18 May 1998 in London.

A joint statement identified elements for an initiative to intensify and extend multilateral and bilateral cooperation and common actions in the field of trade and investment.

Under the TEP, several bilateral agreements were negotiated, complemented by a range of bilateral cooperative actions and a regular dialogue on multilateral trade policy issues. Agreements to remove technical barriers to trade by mutual recognition of conformity assessment and to work together on customs procedures were also concluded. Among the more recent ones were the signature of the *EU-US Veterinary Equivalence Agreement* in July 1999 and the declaration on EU-US cooperation in the field of metrology in support of trade in December 2000.


Another project, for which negotiations started in 1999 in the context of the TEP, is the *mutual recognition agreement (MRA) on certificates of conformity for marine equipment*, approved by the Council in June 2003, the MRA was signed in February 2004. It covers 30 types of marine equipment and will facilitate transatlantic trade in this sector, which is already worth around EUR 1 billion annually. Equipment certified as acceptable for the market of one party will circulate in the other without the need for additional testing or certification.

The Bonn EU-US summit on 21 June 1999 agreed on a set of early warning principles, using the existing mechanisms established under the NTA and the Transatlantic Economic Partnership (TEP), to help us identify and prevent potential bilateral conflicts and facilitate their resolution before they risk undermining the broader EU-US relationship.

The Positive Economic Agenda

At the EU-US summit in May 2002 a new initiative, the Positive Economic Agenda (PEA) was launched. It is designed to identify and focus on those specific bilateral projects where EU-US cooperation can

Economic relations



deliver concrete, mutually beneficial results in the short to medium term. Initial areas of activity were defined in a road map in December 2002, including the launch of a regulatory dialogue on financial markets, the implementation of agreed guidelines for regulatory cooperation and transparency, and cooperation in the field of organic farming, electronic tendering and electronic customs.

Since then, progress has in particular been achieved in two areas.

The regulatory dialogue on financial markets has proved to be a useful mechanism for managing tensions arising from conflicting approaches to financial regulation and for promoting upstream convergence on the principles of regulation. Regular exchanges between the respective regulatory agencies, mainly the European Commission, the US Treasury Department and the US Securities and Exchange Commission are taking place, focussing on issues such as the introduction of common international accounting standards in the US or the required registration of European audit firms with the US Public Company Accounting Oversight Board.

For the implementation of the *guidelines for regulatory cooperation and transparency*, five pilot projects have been identified: cosmetics (cooperation with the US Food and Drug Administration), automobile safety (contacts with the National Highway Traffic Safety Administration),

nutritional labelling (Food and Drug Administration), metrology (National Institute of Standards and Technology) and food additives (FDA).

In spring 2004, a new subject was included in the framework of the guidelines: the Commission and the US Department of Commerce launched a transatlantic exchange of information regarding the *planned use of information and communication technology (ICT) standards* in support of regulations and other public policies. The objective of this dialogue is to minimise the potential for bilateral friction and facilitate a better understanding of the respective US and EU goals and regulatory tools in the ICT sector.

Other relevant dialogues

A further example of the growing intensity of exchanges of views on economic problems of shared interest is a high level expert dialogue between the US Treasury and the Commission on structural issues affecting growth in both the US and EU economies. The *'growth dialogue'* which was set up in autumn 2003 with a mandate to focus on a limited number of topics where there is real potential for cross-fertilisation by experts on each side, concentrated on two issues: share experiences on each side in addressing the reform needs of the respective pension systems and develop a better understanding of recent productivity trends in the US and the EU in order to help refine one's own structural reform priorities.

In 2004, the EU and the US decided to strengthen their cooperation and coordination in the fields of counter-terrorism and domestic security in economic terms by establishing an *enhanced security dialogue (ESD) on transport and border security*. Several transport security and border control measures introduced by the US authorities in the aftermath of 11 September 2001 had and have the potential of inhibiting the free bilateral flow of goods and services if not managed in a responsible and cooperative way.

The ESD will therefore also have to strike a balance between legitimate security concerns and unhampered trade and investment activities.

Some examples.

- The *container security initiative* (CSI) launched by US customs to help prevent containerised cargo from being exploited by terrorists. The European Commission's concerns about some undesired potential consequences of the US approach were addressed in an agreement signed in April 2004, which included a mutually acceptable way of implementing the CSI.
- The US request to air carriers operating flights to or from the US, to make *passenger name record* (PNR) information available to the US Bureau of Customs and Border Protection. After difficult negotiations both sides reached an agreement about the measures to be put in place to ensure a sound legal framework for the transfer of these data for the next 3.5 years.
- The *US Public Health Security and Bioterrorism Preparedness Act (BTA)*, which has far reaching implications for EU agricultural exporters.

Other issues impacting on transatlantic economic relations.

- *Open aviation area (OAA)*: negotiations between the EU and the US were launched at the EU-US summit in June 2003 with the aim to establish an open aviation area comprising the American and European markets, including the removal of restrictions on foreign investment in each other's airlines.
- *Galileo*: following three years of transatlantic negotiations, the EU and the US finally reached in February 2004 a political agreement enabling the European satellite navigation system Galileo and the American global position system (GPS) to cooperate. They agreed to adopt a common signal for certain services and to preserve national security capabilities.



The euro and US dollar

On 1 January 2002, the single European currency became a reality. Bank notes and coins of the new currency, called the euro (EUR), replaced former national currencies in the 12 participating countries (1). The euro had formally been adopted on 1 January 1999, as part of a gradual process of transition towards this historic goal.

The new currency zone covers some 300 million Europeans. At the moment of its inception, the euro accounted for 19.4 % of the world's GDP, compared with 19.6 % for the United States. The euro confirms the EU's importance as a commercial power in the world with an 18.2 % share of world trade, roughly equal to that of the United States. Shortly after the establishment of the euro currency zone, its exports were already 25 % higher than those of the US and twice those of Japan. The euro is expected to play a growing role in international trade in the future.

(1) The 12 EU Member States participating in the euro area are Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, The Netherlands, Portugal and Spain. Denmark, Sweden and the United Kingdom are not participating at the initial stage, but may join in later as Greece did. As far as new Member States are concerned; see the chapter on EU enlargement.

Economic relations

Good news for the United States

The advent of the euro had immediate beneficial effects. Stability within the euro zone was increased; the costs to businesses of currency exchange and risks associated with exchange rate fluctuations were removed and economic growth was promoted. All of these also benefited the United States. Global economic stability was enhanced. US exporters to, and investors in, the EU shared in the cost savings. The European currency has proved its stability over the last years.



Europe's currency is not a rival to the US dollar but complements it, allowing for diversification and reducing the risk of countries being faced with currency fluctuations.

The launch of the euro was therefore a historic event for the United States in particular, which for so long had been used to bearing alone the burdens associated with the dominance of the 'greenback' in financial markets.

Stimulation of international trade

The independent European Central Bank's primary goal is price stability. Greater economic efficiency and stability in Europe is not only good for Europe; the global economy benefits from this stabilising force and Europe's trading partners — amongst which the US is the most important — gain from increased transparency, lower costs and greater predictability in the EU market.

Currently 85 % of stock-market transactions and half the world's trade are settled in US dollars. Countries around the world are expected to turn increasingly to the euro as an alternative to the US dollar, both in trade invoicing and in financial markets.

Growing international financial markets in euro

By virtue of the size and stability of the economies that have adopted the euro, it will become increasingly sought-after as the currency in which investors choose to denominate their assets when investing in world stock markets. Fiscal policy will be stable too, based on the European Union's strong commitment to budgetary discipline.

The benefit of economic and monetary union in Europe is therefore felt not just in London and Frankfurt but in Wall Street as well. US companies benefited worldwide from a more stable economic environment than would be the case without the euro.

June 2004



Enlargement

Ten new Member States joined the EU on 1 May 2004

On 1 May 2004 the European Union (EU) undertook a historic enlargement, bringing the total number of Member States from 15 to 25. This new wave of enlargement is unprecedented in terms of its geographical expansion, the increase in population, and the predicted economic growth and political stability it will bring about.

The 10 new Member States — the eight east European countries Estonia, Latvia, Lithuania, Poland, Czech Republic, Slovakia, Hungary and Slovenia and two Mediterranean island States Cyprus and Malta — will increase the EU's population by 75 million, from 380 million to over 450 million, double its territory to 2.5 million square miles and nearly double its official languages from 11 to 20. In comparison, the United States has a population of around 290 million with a territory of 3.7 million square miles and English as its common language.

The Treaty of Rome establishing the European Economic Community (EEC), and the European Atomic Energy Community (EAEC) was signed by France, Germany, Italy, Belgium, the Netherlands and Luxembourg in March 1957. These six original Member States were the precursor of today's European Union. Previous enlargements occurred in 1973 (Denmark, Ireland, the United Kingdom), 1981 (Greece), 1986 (Spain, Portugal), and 1995 (Austria, Finland, Sweden).

Accession negotiations continue with Bulgaria and Romania, which the EU hopes to welcome in 2007. Turkey is also a candidate country. If certain political conditions are met, the EU will open accession negotiations some time after December 2004.



Enlargement

New Member States – key data

Accession country (capital)	Population (thousands) 1.1.2004	GDP (billion EUR) 2002	Area (km ²)
 Cyprus (Nicosia)	728	10.8	9,251
 Czech Republic (Prague)	10,211	78.2	78,886
 Estonia (Tallinn)	1,351	6.9	45,227
 Hungary (Budapest)	10,115	68.9	90,030
 Latvia (Riga)	2,319	8.9	64,589
 Lithuania (Vilnius)	3,447	14.7	65,300
 Malta (Valletta)	400	4.4	316
 Poland (Warsaw)	38,194	199.9	312,685
 Slovakia (Bratislava)	5,318	25.7	49,035
 Slovenia (Ljubljana)	1,997	23.3	20,273
Total	77,143	441.7	738,592

With their accession, the new Member States adopted the rules of the internal market and are benefiting from the ‘four freedoms’ set out in the Treaty, i.e. freedom of movement of persons, goods, services and capital.

In an endeavour not to erect new barriers across Europe, the EU has developed a ‘European neighbourhood’ policy, which aims at creating an area of stability and prosperity along the southern and eastern Mediterranean up to Russia..

Implications of EU enlargement for the US

First and foremost, the EU-enlargement process is vital for securing political stability, democracy and respect of human rights on the European continent as a whole. It is a historic step towards the long cherished goal, on both sides of the Atlantic, of a Europe ‘whole, free, at peace and growing

in prosperity,' as articulated by successive US presidents. In fact, EU enlargement to central Europe would not have been possible without the longstanding support of the United States for European integration. After generations of internal conflict in Europe posing a serious security threat to the United States and world peace, the unification of Europe by consent is now projecting security and stability east and south, which not only serves the geopolitical and security interests of the EU, but those of the United States too.

The enlarged EU will enable Europe to become an even more effective international partner of the US in tackling regional and global problems of mutual concern, in particular terrorism, proliferation of weapons of mass destruction and international crime.

Third countries such as the United States will also significantly benefit from EU enlargement in economic terms.

- The enlarged EU represents an even larger single market than before. Goods and services, once imported into the EU, can circulate freely throughout 25 countries with 450 million consumers.
- Since the new Member States have joined the EU's trade policy regime, a single set of trade rules and of administrative and customs procedures applies right across the enlarged Union. External tariffs in the new Member States have come down from an average of 9 % to an average of 4 %. In most cases, US exporters benefit from lower tariffs in their trade with the new Member States. All this will provide enhanced access to the markets of the new Member States, greatly simplify the dealings that foreign operators, including US companies, have within Europe and improve conditions for investment and trade.
- US investors will benefit from the fact that enhanced protection of intellectual property rights (IPR) and the single market principle 'one standard for all' on technical regulations have been extended to the new Member States.
- Besides, from 1 May 2004, the 10 new Member States are also parties to the EU bilateral trade agreements, its multilateral commitments and its trade defence measures. The enlarged EU is speaking with one voice in the major multilateral trade organisations and in the ongoing WTO Doha Development Round.
- Production in any of the new Member States can now serve customers in all areas of Europe. A state of the art transportation network facilitates distribution across the continent and beyond the EU's new external borders to the south and the east.
- All but three of the current EU Member States (Denmark, United Kingdom and Sweden) have adopted the euro in place of their national currencies. It is likely that a number of new Member States will join the euro zone by the end of the decade, once they have met the conditions. The expansion of the euro zone will further facilitate access to a genuine single market for foreign companies, who will benefit from lower costs of doing business in Europe.

European integration has delivered more than half a century of stability, peace and economic prosperity. It has helped to raise standards of living, created a large internal market, launched monetary union and the euro and strengthened the Union's voice in the world. The US have benefited from this development. They will equally share the benefits of an enlarged EU.

Enlargement

	Population (millions)	Area (million km ²)	GDP (billion EUR)	GDP (Volume per head (*) EU-15=100)	Inflation (Annual average rate of change 2003/02)	Unemployment (January 2004 in %)
EU-15	381	3.19	9,169	100	2.0	8.0
EU-25	455	3.93	9,613	91	2.0	9.0
USA	291	9.4	11,084	137	2.3	5.7

(*) Expressed in terms of purchasing power standards (PPS).

Source: Eurostat.

NATO – a distinct enlargement

In the context of the overall European security endeavour, the parallel but distinct enlargement of NATO plays an essential part.

NATO and the EU work together to prevent and resolve crises and armed conflicts in Europe and elsewhere. EU-NATO agreements grant the EU access to NATO's assets and capabilities for EU-led operations, effectively allowing NATO to support EU-led crisis management operations in which the alliance as a whole is not engaged.

Eleven of the EU-15 (Belgium, Denmark, France, Germany, Greece, Italy, Luxembourg, Netherlands, Portugal, Spain, United Kingdom) and eight of the new Member States (Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia) are members of NATO, as are Bulgaria and Romania, both candidates for EU accession. NATO and EU officials consult regularly on common security concerns, exchange information, and plan joint efforts.



June 2004





Building bridges across the Atlantic

From the beginning of the new period in transatlantic relations which was inaugurated by the signing of the new transatlantic agenda in December 1995, it was recognised that the agenda should be shaped and driven not only by governments, but with the full participation of people from all walks of life.

Building bridges between different communities on either side of the Atlantic has therefore been one of the four fundamental aims of the new transatlantic agenda. We have encouraged parliamentarians, business people, scientists, academics, trade unionists and a broad range of citizens' groups to reinforce links with their transatlantic counterparts, to share experiences on the challenges faced and to make their own input to pursuing our shared aims.

People-to-people links

A network of EU centres in the US

In 1998, the Commission launched an ambitious initiative to establish a network of EU centres in American universities providing information and education about the European Union. There are currently 15 EU centres stretching across the United States.

The objectives of the EU centres are to increase awareness in the US about the political, economic and cultural importance of the transatlantic relationship, to promote greater understanding in the United States of the European Union and its policies, and to disseminate information and publicise EU views on issues of transatlantic interest within regional communities.

Each centre pursues a wide variety of activities ranging from designing degree courses/certificate programmes in EU studies and hosting visits by leading European scholars, to organising conferences on EU issues and providing accurate, updated and balanced information on EU policies and societal values to their local community through seminars, briefing sessions, and information packs. Many centres also work with local undergraduate and secondary schools to develop EU studies curricula and teaching materials, and have informative Internet websites.

The achievements of the EU centres speak for themselves. Since 1998, 28 000 students have participated in some 2 806 EU related courses, in areas such as law, business, and international relations, as well as agriculture, economy, environmental sciences, industrial relations, public health. Courses concentrating on the EU offered 500 undergraduate places in 2002 and since 1998 have produced 70 graduates, with some 600 PhD students currently in training. Each year around 80 teaching workshops train some 10 500 college professors in how to integrate the EU perspective in their teaching. Nine new college level textbooks and six textbooks for secondary schools have been produced, and in the field of distance learning, 14 web-based courses have been launched as well as the 'Teaching the EU' website.

An independent evaluation of the EU centres is currently underway to assess the achievements and impact of the EU centres over the last six years and to make recommendations on how we should use and support the EU centres in the longer term.

Building bridges across the Atlantic

Did you know...
**that the following US universities
host EU centres?**

- ★ **University of California at Berkeley**
(<http://globetrotter.berkeley.edu/EuroUnion/index.html>)
- ★ **Florida International University and the University of Miami:**
(<http://www.miamieuc.org/>)
- ★ **University System of Georgia:**
(<http://www.inta.gatech.edu/eucenter/home.html>)
- ★ **University of Illinois:**
(<http://www.ips.uiuc.edu/eu/>)
- ★ **University of Michigan:**
(<http://www.umich.edu/~iinet/euc/home.html>)
- ★ **New York City Consortium**
(New York University, New School University, City University of New York)
(<http://sipa.columbia.edu/REGIONAL/WE/eucny1.html>)
- ★ **University of North Carolina at Chapel Hill:**
(<http://www.unc.edu/depts/eucenter/>)
- ★ **University of Oklahoma**
(<http://www.ou.edu/eucenter/>)
- ★ **University of Pittsburgh:**
(<http://www.ucis.pitt.edu/cwes/index.html>)
- ★ **Syracuse University:**
(<http://www.maxwell.syr.edu/gai/Programs/euc.htm>)
- ★ **Texas A&M University**
(<http://international.tamu.edu/ipo/eucenter/>)
- ★ **University of Washington-Seattle:**
(<http://jsis.artsci.washington.edu/programs/europe/euc.html>)
- ★ **University of Wisconsin-Madison:**
(<http://wiscinfo.doit.wisc.edu/eucenter/>)
- ★ **University of Missouri:**
(<http://eu.missouri.edu>)
- ★ **Washington, DC, Consortium**
(American University, George Mason University, George Washington University, Georgetown University, The Johns Hopkins University)
(<http://www.american.edu/aces/>)



The map shows the United States with colored regions and stars indicating the locations of EU centres. The locations are: University of Washington (top left), University of California at Berkeley (west coast), University of Oklahoma (north central), University of Pittsburgh (north east), Syracuse University (north east), Texas A&M University (south central), University of Washington-Seattle (north west), University of Wisconsin-Madison (north central), University of Missouri (north central), Washington, DC Consortium (east coast), University of Illinois (north central), University of Michigan (north central), University of North Carolina at Chapel Hill (south east), University of Georgia (south east), and Florida International University and the University of Miami (south east).

Understanding the European Union

In complement to the EU centres, the European Commission also supports a number of other innovative activities to promote understanding of European integration and a shared vision of Europe's future.

These include:

- conferences and workshops organised by the EU and US 'think tank' community to promote debate about EU views on important policy issues, and about the EU-US relationship;

- activities in other educational institutions in the US to help familiarise future American decision-makers with the EU, its structures and policies, and to attract the media, local officials, the business community, legislators, and other opinion leaders;
- seminars, training programmes, briefing sessions, speaking tours and study visits focusing on key themes of the EU-US relationship, in particular in the areas of trade, regulatory cooperation and homeland security, organised by local level networks situated beyond the Washington Beltway, including business networks, chambers of commerce, fora for foreign affairs and cultural exchange.

Transatlantic dialogue and civil society

As well as government-to-government dialogue on themes such as employment and health policy, we have promoted initiatives which bring together actors from the non-governmental, corporate, labour and non-profit sectors to discuss issues of common concern. In order to make the new transatlantic agenda responsive to the needs and aspirations of society, we believe it is essential for all citizens to be involved and for links to be established between groups of people with similar experiences and problems. Transatlantic conferences have been organised to address issues such as health and safety, biotechnology, consumer issues, international labour standards, work organisation, and the role of new technologies in promoting the role of disabled people in the workplace. We have also encouraged contacts between trade unions on both sides of the Atlantic.

In this framework, a number of sector specific transatlantic dialogues have been active including the transatlantic environment dialogue (TAED) and the transatlantic consumers' dialogue (TACD). Both dialogues have been closely involved in transatlantic decision-making, working on the major issues within their respective areas, and have made valuable contributions to the shaping of the relationship, its objectives and activities, including recommendations to the EU-US summit. This helps us to ensure that our agenda is one that is genuinely responsive to the real needs of the citizens.

The TACD, which was launched in Washington in September 1998, contributes to the dialogues between EU and US authorities by transmitting consumers' views on policy issues of interest on both sides of the Atlantic. In this context, the TACD has set up working groups on food, electronic commerce and trade and intellectual property. TACD's annual conference brings together representatives from some 65 consumer organisations to discuss with US and EU government representatives issues such as World Trade Organisation negotiations on services, access to medicines, GM foods, private data protection and transparency in government.

The TAED, which was inaugurated in May 1999, presented recommendations to US and EU leaders at the EU-US summit in Lisbon in May 2000, on the key themes of TAED concern, climate change and protection; food and agriculture, including biotechnology; trade and environment issues; threats to biodiversity; and chemicals policy. Regrettably, the TAED is not active at present.

Listening to the business community

A significant success in our efforts to build bridges between communities on both sides of the Atlantic is the transatlantic business dialogue (TABD). Launched in Seville in November 1995 by the European Commission and the US government, the TABD is now a business-driven process whereby business leaders from both sides of the Atlantic develop joint policy recommendations. Their overall aim is to boost transatlantic trade and investment opportunities by removing obstacles to the efficient conduct of international business.

Each year the TABD brings together over 100 EU and US business leaders and high-level representatives of the European Commission and the US Administration in a two-day conference which

provides substantial input to governments on a number of, mainly trade-related, areas. TABD is currently focusing on five 'Priority issues' — capital markets, networked economy, dispute management, WTO agenda and regulatory policy.

The TABD has been particularly instrumental in the content and the adoption of the 1997 EU-US mutual recognition agreement on conformity assessment procedures. Equally, the TABD has contributed significantly to the elaboration of guidelines on regulatory cooperation and transparency.

Links between our legislators

The European Parliament brings together the democratically elected representatives of the European Union's 455 million citizens, whilst the US Senate and House of Representatives legislate on behalf of 291 million Americans. It is vital to the success of our common agenda that our legislators participate fully in shaping it. Working together, they can promote mutual understanding and seek solutions to common problems.

Members of the European Parliament and the US Congress meet regularly to exchange views on a wide range of issues relating to the new transatlantic agenda. For many years the EP/US Congress inter-parliamentary meeting has been one of the most relevant tools for discussion between legislators across the Atlantic. Parliament and Congress are also involved in exchanges of staff and the secondment of young diplomats.

The launching of the transatlantic legislators' dialogue (TLD) in January 1999 has provided a new impulse to relations between elected representatives. TLD aims to strengthen and enhance inter-parliamentary relations, and its membership includes key legislators from both sides of the Atlantic. TLD has, in particular, an enormous potential for early warning on potential disputes, and will hopefully develop into an extremely useful tool for dispute prevention in the transatlantic relationship.



Education and research

Educational activities are vital to strengthening the links between young people in Europe and in the US. At the same time that the new transatlantic agenda was agreed, leaders also signed the EU-US agreement on higher education and vocational training. The aim of the agreement is to encourage innovative cooperation projects on both sides of the Atlantic and to further the exchange of information on vocational education and training through a variety of mechanisms, not only through

governmental dialogue but also through support for cooperation between EU and US educational institutions.

Under the agreement, each cooperation project involves a minimum of three partners on each side, namely higher education or training institutions from two different EU Member States, and partner institutions from two US states. Other partners include businesses, non-governmental organisations, chambers of commerce, and research institutes, thus ensuring that a wide range of communities

is involved. The agreement has proved to be an excellent cooperation tool and accordingly it was renewed at the EU-US summit in Queluz, Portugal (December 2000) for a further five-year period.

Educational links between the EU and the US are expected to be strengthened further with the launch of Erasmus Mundus in 2004. This programme supports the establishment of European Masters courses, provides scholarships for graduates and scholars from all over the world to participate in them and supports the establishment of partnerships and exchanges with higher education institutions outside the EU.

The EU-US science and technology agreement which entered into force in 1998 and was renewed in 2004 is a key instrument in expanding transatlantic scientific cooperation. The agreement offers a broad framework for collaboration in areas where the EU and the US are doing some of the most advanced research in the world, including environmental science, information and communication technologies, cleaner energy sources, biotechnology and nano-science.

The European research framework programme promotes transnational collaborative activities that are open to scientists and engineers from all parts of the world and now includes fellowships to allow European researchers to work abroad and non-European researchers to come work in Europe. It is expected that these actions will further strengthen EU-US scientific links.

In addition, certain multilateral initiatives — in areas such as earth observation and hydrogen and fuel cell technologies — see the EU and the US joining forces in leading substantial international coordination efforts involving several other partners.

Energy — a promising field for joint research efforts

Hydrogen and fuel cell technology within the EU...

The European Union is committed to efforts to facilitate and accelerate the development and deployment of cost-competitive, world class European hydrogen and fuel cell-based energy systems and component technologies for applications in transport, stationary and portable power.

The European Commission has facilitated the establishment of a European hydrogen and fuel cell technology platform aimed at accelerating the development and deployment of these key technologies in Europe. The platform should assist in the efficient coordination of European, national, regional and local research, development and deployment programmes and initiatives and ensure a balanced and active participation of the major stakeholders (i.e. industry, scientific community, public authorities, users, civil society). It should help to develop awareness of fuel cell and hydrogen market opportunities and energy scenarios and foster future cooperation, both within the EU and on a global scale.

http://europa.eu.int/comm/research/energy/index_en.html

...and together with the US and other partners

At the EU-US summit in June 2003, the EU and US leaders issued a joint statement committing the EU and the US 'to collaborate on accelerating the development of the hydrogen economy as part of our broadening cooperation on energy. We aim to enhance the security of energy supply, increase diversity of energy sources, and improve local and global environmental quality.'

In November 2003, the European Commission (along with France, Germany, Italy and the United Kingdom) participated in the inaugural meeting of the International Partnership on the Hydrogen Economy (IPHE) which aims:

'to serve as a mechanism to organise and implement effective, efficient and focused international research, development, demonstration and commercial utilisation activities related to hydrogen and fuel cell technologies. It also provides a forum for advancing policies and common codes and standards that can accelerate the cost effective transition to a global hydrogen economy to enhance energy security and environmental protection.'



Developing fusion energy

Scientists and engineers from China, Europe, Japan, Korea, Russia, and the United States are working in unprecedented international collaboration on the next major step for the development of fusion — ITER (which means 'the way' in Latin).

ITER's mission as an experimental fusion reactor is to demonstrate the scientific and technological feasibility of fusion energy for peaceful purposes. To do this, ITER will demonstrate moderate power multiplication, demonstrate essential fusion energy technologies in a system integrating the appropriate physics and technology, and test key elements required to use fusion as a practical energy source.

ITER will be the first fusion device to produce thermal energy at the level of an electricity-producing power station. It will provide the next major step for the advancement of fusion science and technology, and is the key element in the strategy to reach the following demonstration electricity-generating power plant (DEMO) in a single experimental step.

Europe has been at the forefront of fusion research and development for the past 50 years. Fusion R & D has been part of the Community research programme since the inception of the Euratom Treaty in 1957. All of the European Commission research framework programmes have included funding for fusion projects.

The European Union has entered negotiations with Canada, China, Japan, the Republic of Korea, the Russian Federation, and the USA for jointly realising ITER. The European Commission represents the EU and negotiates on its behalf. The Council decided unanimously on 26 November 2003 that Cadarache (France) will be Europe's single candidate site for hosting ITER, with a special role for Spain where the organisation managing Europe's participation to ITER will be sited. In addition to the European site, Japan is proposing its Rokkasho-Mura facility. Although recognising the merits of the Japanese option, the European Union firmly believes the EU site is the best option and hopes a consensus around this view can be achieved soon.

More information on the ITER project can be found on: <http://www.iter.org/>

June 2004

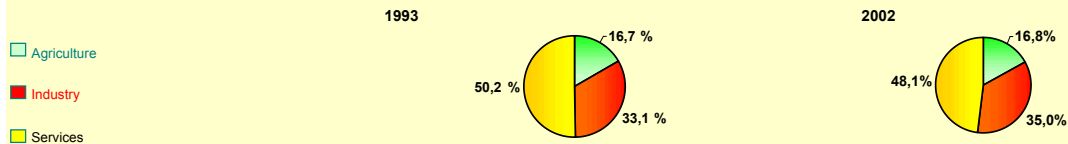


Facts and figures

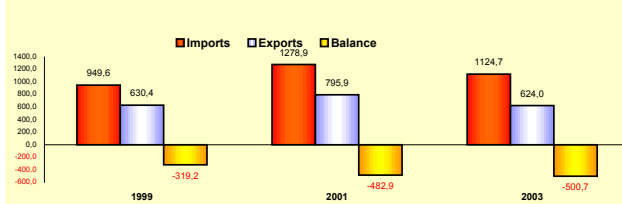
USA

Population:	2003	291 million				
Area: (1000qkm)	2003	9.809				
Gross Domestic Product	2003	9.711 billion EUR	Exports to GDP ratio:	6,4	%	
GDP Per Capita	2003	33.377 EUR				
Real GDP (% growth)			2000	2001	2002	2003
Inflation rate (%)			5,1	3,5	3,2	3,1
Current Account Balance (% of GDP)			2,8	2,4	2,4	3,2
			-1,2	0,0	0,7	2,4

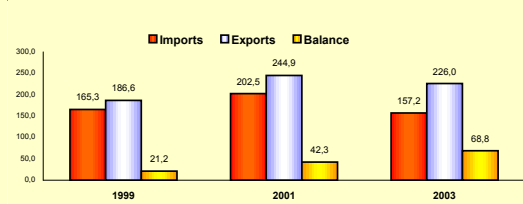
GDP BY SECTOR



USA MERCHANDISE TRADE WITH THE WORLD

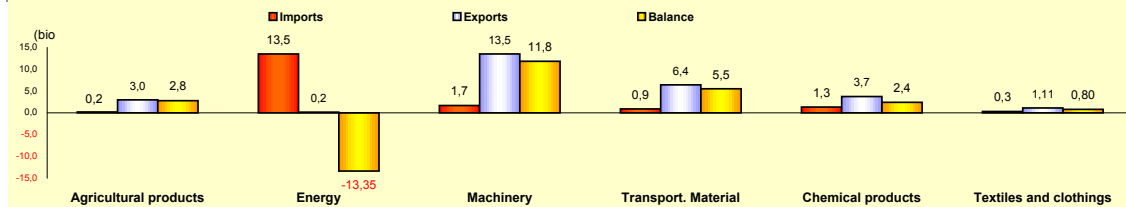


EU25 MERCHANDISE TRADE WITH USA

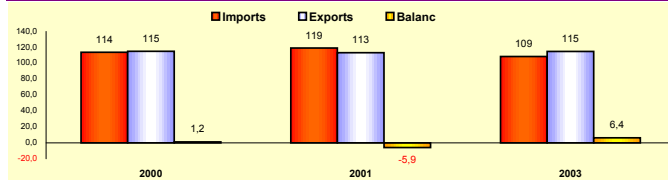


SHARE OF THE WORLD* (%)	1999	2001	2003	SHARE OF EU-25 Total (%)	1999	2001	2003
Imports	22,6	22,8	22,9	Imports	1,8	2,1	2,3
Exports	16,1	15,3	13,8	Exports	3,8	4,0	4,4

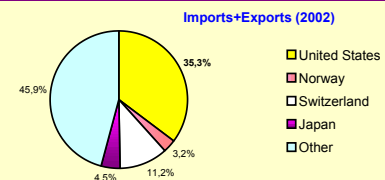
EU-25 MERCHANDISE TRADE WITH USA BY PRODUCT (2003)



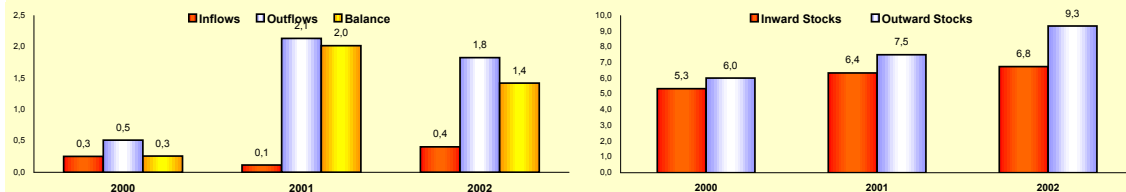
EU-15 TRADE IN SERVICES WITH USA



USA SHARE OF EU-15 TRADE IN SERVICES



EU-15 FOREIGN DIRECT INVESTMENT WITH USA



Facts and figures

Trade implications of enlargement: key figures (2002)		
	EU-15	EU-25
Population (in million) (% of world)	379 (6.1 %)	455 (7.3 %)
GDP (in billion EUR) (% of world)	9,168 (26.7 %)	9,610 (28 %)
GDP per capita, EUR	24,100	21,100
Total trade with the world (in billion EUR)	1,977	1,799
Of which with the 10 new MS (in billion EUR)	232	n.a.
Share in world trade in goods	19.4 %	17.7 %
Share in world trade in services	24.7 %	n.a.
Share in world FDI:		
Inflows	20.5 %	n.a.
Outflows	45.2 %	
Share of world trade (goods + services)	20.1 %	19.8 % (*)
Degree of opening to international trade (total trade/GDP)	28.6 %	26.9 %

(*) Services: EU-15; Goods: EU-25

Source: Comext, IMF.

Note: The decrease in external trade from EU-15 to EU-25 can be explained by the fact that after enlargement some EU-15 extra-Community flows became intra-Community flows in the EU-25.

EU-15: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, United Kingdom.

Trade with main partners (2002): no change in the EU's major trading partners				
	EU-15 (million EUR)	% of total EU-15 trade	EU-25 (million EUR)	% of total EU-25 trade
1. USA	416,132	21.0	429,944	23.3
2. Switzerland	129,515	6.5	136,378	7.4
3. China	116,067	5.8	119,154	6.5
4. Japan	110,951	5.6	119,055	6.4
5. Russia	78,170	3.9	97,126	5.3

Source: Comext, IMF.



EUROPEAN COMMISSION
External Relations



Publications Office

Publications.eu.int

ISBN 92-894-7477-7



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