Transatlantic economic relations

2005/2082(INI) - 01/06/2006 - Text adopted by Parliament, single reading

The European Parliament adopted a resolution based on the own-initiative report by Erika **MANN** (PES, DE) on EU-US transatlantic economic relations, stating that economic ties between the EU and the US are an important stabilising factor for the transatlantic relationship in general and have grown so significantly over the last decades that both partners have an increasing stake in each other's economic development.

A de facto Transatlantic Market: Trade between the two great markets had reached unprecedented levels, with trade exchanges alone being worth EUR one billion a day. Parliament stressed that EU-US economic ties translated into a substantial volume of employment, since close to 7 million jobs on either side were already provided by the transatlantic economy and therefore remained dependent on its functioning and expansion.

The EU-US relationship was overshadowed to a considerable extent by political conflict and was quite often characterised by rhetoric and trade disputes. Parliament warned against the risks inherent in taking this unique relationship for granted. It feared that the current framework for the transatlantic relationship did not adequately reflect the reality, and called for a more visionary and strategic approach to respond properly to the pressing economic issues, such as competition policies, standardised corporate governance, compatible or common standards and more effective regulatory cooperation.

The way ahead: a stronger transatlantic economic partnership: Parliament recommended that by the next 2006 summit, the EU and the US agree to both update the New Transatlantic Agenda (NTA) of 1995 and the Transatlantic Economic Partnership (TEP) of 1998 and draw up a new transatlantic partnership agreement that covers both and leads to the achievement of a "barrier-free transatlantic market" by 2015 with a 2010 accelerated target date for financial services and capital markets. This initiative should be based on the Economic Initiative adopted at the June 2005 EU-US Summit and the Joint EU- US Work Programme, setting specific sector-by-sector objectives with a view to taking stock of the progress achieved in 2005-2006 and specifying future steps to be taken.

The economic chapter of the proposed partnership agreement should provide for a new architecture that includes: regulatory co-operation; a set of operational tools of an horizontal character (including an effective early warning system and a third-generation agreement on the application of competition law); sectoral economic co-operation agreements building on the above-mentioned Joint EU- US Work Programme.

However, the strengthening of transatlantic economic cooperation should not lead to downward harmonization in the regulatory field that would erode consumer confidence with regard to health and safety. Parliament urged that the Transatlantic Consumer Dialogue and the Transatlantic Environmental Dialogue be revitalized to develop "best practices" to advance consumer health, safety and environmental protection, thus facilitating a more sustainable transatlantic marketplace.

Doha Development Agenda: Parliament urged the EU and the US to remain fully committed to the WTO multilateral negotiations and not to engage in competition for bilateral or regional trade agreements. It welcomed the agreement within the WTO framework on the definitive elimination of all forms of agricultural export subsidies, including those in the form of food aid and other export refund systems, by 2013 and stresses that comparable progress has yet to be achieved in the areas of domestic support and market access.

Promoting regulatory and standards cooperation: regulatory barriers had become one of the most significant obstacles to trade and investment between the EU and the US. Parliament warned against the proliferation of unjustified additional regulations at State level, the non-use of relevant international standards as the basis for technical regulations and the practice of excessive reliance on third-party certification in the US. It expressed its concern about the lack of a clear definition of "national security" in the US and its excessive use as a restriction on trade and investment. It regretted in particular the so-called "Berry Amendment" used by the Defense Department and the 1988 "Exon-Florio Amendment" and subsequent legislation to limit foreign investment in, or ownership of, businesses relating even tangentially to national security.

Stimulating open and competitive capital markets: Parliament called for the mutual recognition of accounting standards followed by their progressive convergence, based on reliable regulatory supervision, so that companies can use a single standard in both markets and in order to reduce listing costs. It strongly rejected the US postponement of the implementation of the Basel II Accord on Capital Requirements and called on the US to honour its commitments in order to create a world-wide level playing field for banks. Diverging approaches might hamper EU banks with US operations from setting up integrated-risk management systems.

Spurring innovation and the development of technology: Parliament pointed out that it was beneficial to both sides to promote co-operation in research and development and to pursue investment programmes, in certain fields, such as technologies for high-speed ground transport and the development of synthetic fuels and electric propulsion mechanisms for automobiles, and the development of new technologies for the reduction of emissions of greenhouse gases. It recommended a series of joint measures on ICT and suggested opportunities for common action in the 7th Framework Programme on Research and Development. In addition, new and existing space programmes offer to a certain degree an opportunity for joint undertakings in the exploration of outer space.

Enhancing Trade, Travel and Security: the Visa Waiver Program should be valid for all European citizens. Parliament also regretted that most EU citizens are still subject to strict visa controls, which acts as a brake on the free movement and exchange of workers and called on the US to show more flexibility in this regard, particularly for European citizens who travel regularly to the US on business.

Promoting Energy Efficiency: Parliament regretted that only the EU is taking the lead on international climate policy, that the US is the world's largest emitter of greenhouse gases and that there is accordingly still a need to urge it, at all policy levels, to assume its responsibilities in terms of climate change. It also regretted that the US Administration remains so reluctant to enter into any meaningful international partnership on climate change, but noted that it has taken a modest step forward, inasmuch as it is now willing, as agreed at the December 2005 Montreal Conference of the United Nations Framework Convention on Climate Change, to engage in a thorough forward-looking dialogue. Parliament welcomed the fact that an emerging coalition of interests in the US, including Members of Congress from both Houses and both parties, State legislators, local authorities, NGOs and representatives of the business community, is pushing for a more ambitious agenda to tackle greenhouse gas emissions. Parliament set out the common challenges and suggested actions, such as devising a common strategy addressing the high dependence on fossil energy sources.

It underlined the need for enhanced EU-US scientific cooperation on biofuels and recommended that the initiative for a joint EU-US biofuels work programme that focuses specifically on second generation bioethanol and biodiesel be implemented as soon as possible.

WTO Dispute Settlement EU/US: the report urged the Commission to adopt a three-point strategy for reducing the number of disputes between the largest world trading powers: (1) a formal commitment at the highest level to respect agreed multilateral trade rules and to implement WTO panel decisions swiftly and

fully; (2) enhanced political commitment to exhaust all bilateral diplomatic means before resorting to the WTO dispute settlement body; (3) while it is recognised that legislators and governments have a legitimate right to protect the health and environment of their citizens, the EU and the US must ensure that their regulations in these fields are non-discriminatory, proportionate and science-based in order to prevent protectionist abuses. Parliament went on to discuss some of the outstanding trade disputes between the EU and US.

Transatlantic dialogues: Parliament wanted to strengthen the parliamentary dimension of EU-US summits by involving legislators from both sides. For this purpose, they called for "a meeting prior to every summit between the TLD [Transatlantic Legislative Dialogue] and the Senior-Level Group to exchange views on the progress of the Work Programme", and recommended that at least the President of the European Parliament and US Congress leadership participate in the next EU-US Summit.

Finally, it should be noted that this report is closely linked with a related report by Elmar BROK (EPP-ED, D) on the transatlantic partnership. (Please see INI/2005/2056.)