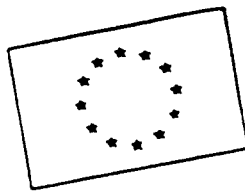


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EUROPEAN COMMISSION
Directorate-General External Relations: Commercial Policy and Relations
with North America, the Far East, Australia and New Zealand
Eurostat - Statistical Office of the European Communities
Directorate-General Information, Communication, Culture, Audiovisual

RELATIONS

N° 7, December 1995

PROGRESS REPORT ON EU/US RELATIONS



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EU/US

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THE NEW TRANSATLANTIC AGENDA: "AN HISTORICAL MILESTONE IN THE DEVELOPMENT OF OUR RELATIONS" (PRESIDENT SANTER)

EU-US Summit in Madrid

The EU/US Summit which took place on 3 December in Madrid marked the beginning of a new era in Transatlantic Relations, with the adoption of an important statement of political commitment, the New Transatlantic Agenda, and a comprehensive Joint EU/US Action Plan. Formally endorsed by Presidents Santer and Clinton, and Prime Minister Gonzalez, the New Agenda enables the two sides to join forces to deal with a very wide range of international political and economic issues.

Asserting that "the ties which bind our people are as strong today as they have been for the past half century", the New Agenda is packed with a large number of joint initiatives aimed at achieving four broad objectives: promoting peace, development and democracy around the world; responding to global challenges; contributing to the expansion of world trade and closer economic relations; and building bridges across the Atlantic. Basing themselves on the Transatlantic Declaration of 1990, which gave birth to a new system of contacts and meetings at political and official level including bi-annual summits between the US President and the Presidents of the Commission and the Council, the EU and the US have decided to move from more discussion to joint action. The New Agenda will substantially increase the content of our relationship by building on the already wide area of policies and issues on which the EU and the US work closely together. It recognises that many of these are linked together in such a way that successful collaboration in one area strengthens the effectiveness of joint action in another. A senior level group of officials will oversee work on the New

Agenda and progress will be evaluated at the regular summits, where priorities can also be updated and revised.

President Santer stated that "our Summit meeting today is the most important since 1990. The texts we are adopting today represent a quantum leap forward in our relationship. The texts are visionary, ambitious, action-oriented and wide-ranging, spanning foreign and security matters, economics, trade. And includes issues of real concern to our citizens - such as drugs, crime, AIDS on which I know the United States has placed particular importance.

"Together we can make a difference" is the key sentence of this exercise. By acting jointly rather than just consulting each other we can set an example in world leadership. But we must focus our efforts and define our priorities."

Other issues addressed at the Summit included the situation in Bosnia, relations with Russia and the countries of Central and Eastern Europe, the Middle East Peace Process, the Customs Union with Turkey, and draft legislation before Congress proposing sanctions against certain foreign companies trading with Iran (see also Foreign and Security Policy). In the margins of the Summit meeting, Sir Leon Brittan met with US Trade Representative Kantor to discuss, inter alia, the Article XXIV:6 Enlargement Compensation Negotiations, the joint study proposed as part of the New Transatlantic Marketplace, negotiations a on mutual recognition agreement, the Japan Car Agreements, and the current trade disputes on bananas and leg holds traps.

SPOTLIGHT: THE NEW TRANSATLANTIC AGENDA

Joint EU/US Action Plan

Following calls from various quarters in the first half of 1995 to give a new impetus to the transatlantic relationship (e.g. President Santer's inaugural speech to the EP; Sir Leon Brittan's speech to the American Club of Brussels; Foreign Ministers Hurd, Kinkel and Christopher) the Commission presented its Communication "Europe and the US: the way forward" to the Council, that outlined an ambitious approach to strengthen overall Transatlantic relations. Almost in parallel, the EU/US Summit in Washington on 14 June 1995 instructed a group of Senior Level Representatives to develop ideas and present recommendations to the following Summit which took place in Madrid on December 3. Based on this mandate the Senior Level Group (SLG), has over the past months elaborated two documents - a political statement of commitment, entitled the New Transatlantic Agenda, and a comprehensive Joint EU-US Action Plan - that are designed to lend a new quality to our overall relationship with the US.

The **Agenda**, was signed by the Summit leaders in Madrid. Building on the Transatlantic Declaration of 23 November 1990 it comprises:

- a reaffirmation of the commitment to the transatlantic partnership;
- the definition of four shared overall goals
- a series of actions to which the EU and the US intend to give special priority between now and the next Summit, reflecting these goals.

The **Action Plan** itself identifies over 150 specific actions where the EU and the US have agreed to work together, both bilaterally and multilaterally. The list of priority actions is drawn from this Action Plan.

These documents are intended to underpin the Transatlantic Declaration of 1990 with a more action-oriented approach, based on the wish to move "from consultation to joint action". We recognised that the time had come to cement and to deepen EU-US relations in all existing policy areas, taking full advantage of the widened scope of EU competence in the Maastricht Treaty. The goals of the Transatlantic Initiative are fourfold:

1. *Promoting peace and stability, democracy and development around the world*

The EU and the US pledge to work together in particular with regard to creating an increasingly stable and prosperous Europe. Concrete joint actions are foreseen on the reconstruction of former Yugoslavia, but also on fostering democratic and economic reform in Central and Eastern Europe, Russia, Ukraine and other new independent states. However, the EU and the US will not limit their joint efforts to Europe. Securing the peace in the Middle East by encouraging agreements between the States of the region, but also by offering concrete economic assistance to them constitutes another priority. It is also important that both partners intend in the future to cooperate more closely on development aid and humanitarian assistance.

2. *Responding to global challenges*

Under this heading, the Agenda and the Action Plan address issues that do not respect national boundaries and are at the same time of such dimension that no single nation can effectively address them alone. Significant steps will be taken in particular in pooling and improving efforts to find answers to the challenges of international crime and

drug trafficking. In addition, closer co-ordination of our efforts to protect the global environment are foreseen. The EU and US will also act together in fighting new and re-emerging communicable diseases.

3. *Contributing to the expansion of world trade and closer economic relations*

A clear priority for both partners is the strengthening of the multilateral trading system by supporting the WTO and leading the way in efforts to achieve further global market-opening. Of great importance in this respect is to ensure a successful and substantial outcome for the Singapore Ministerial. This includes exploring in the perspective of the WTO Singapore Ministerial Meeting, the possibility of agreeing on a mutually satisfactory package of tariff reductions on industrial products, and to consider which, if any, Uruguay Round obligations on tariffs can be implemented on an accelerated basis. Bilaterally, EU and US are taking steps to create a "New Transatlantic Marketplace" by progressively reducing or eliminating barriers that hinder the flow of goods, services and capital. The EU and US will in particular address barriers in the regulatory field such as standards

and certification issues, but also devote special attention to the emerging Information Society to allow citizens on both side of the Atlantic to take full advantage of its tremendous opportunities.

4. *Building bridges across the Atlantic*

The EU and US recognise the need to broaden the base of public support for the relationship. Thus, it is intended to create new networks of citizens on both sides of the Atlantic. The Transatlantic Business Dialogue is one example. The conclusion of a science and technology agreement will be another important step in this direction. In addition, EU and US are committed to fostering educational networks, especially by building on the opportunities created by the new Agreement on Co-operation in Higher Education and Vocational Training.

It will be the task of forthcoming Summits, assisted by the Senior Level Group, to review progress on the priorities listed in the Agenda and to revise and update those priorities. In this sense, both Agenda and Action Plan are *living documents* that will be adapted to changing political requirements thus retaining their validity over the years to come.

Highlights from President Santer's speech on the New Transatlantic Agenda

The political thinking underlying this major new initiative was set out by President Santer in a speech he gave, as guest of honour, at the dinner of the Transatlantic Policy Network on 30 November 1995.

"Four principles have guided our work. The starting point could be described as moving from *"the policies of consultation"* to *"the policies of joint action"*

"Secondly, we recognise that the time has come to cement and deepen EU-US ties in all existing policy areas. Today the reality is that the European Union is in a much better position to speak to the US with a single voice on a much wider range of issues. I think this is very important.

"The strengthening of European integration will not only benefit Europe, but it will, by the same token, make is a stronger partner for the United States. Only the US and the EU together have the political clout and the economic resources to act as a motor for global

democracy, peace and stability. Neither of us has any other partner that can complement us in this way. We have proven, time and again, that we are able and willing to be partners in leadership. Partners in a way that is beneficial, not only for our interests, but also for the world as a whole. A case in point is the completion of the Uruguay Round.

"This brings me to the third guideline of our new approach. Achieving goals to benefit all humanity I believe we will cooperate more not less in the future to deal with the major global "hot spots". Sharing more the costs and burdens; the costs of promoting peace, freedom and democracy. Our vital security relationship will continue in the future. Indeed, I believe it will deepen and will continue to maintain peace and stability in Europe.

"But I also recognise that our relationship has always been underpinned by strong economic ties. In 1994 the US was by far the EU's most important trading partner. And the EU continues to be the second most important trade partner for the US, only behind neighbouring Canada. The overall EU-US combined trade flow amounts to around 250 billion US\$. Three million jobs on each side of the Atlantic depend on these investment flows. It is crucial to note that there are no major structural trade deficits in Transatlantic trade.

"Trade and economics are one thing. But the other is mutual trust. The readiness to stand by each other in good times and bad. That is why the EU and the US have decided to accept joint responsibility in a global partnership. We cherish tonight the common heritage that binds Europe and the US together. We share the same values. We jointly believe in democracy, good government, human rights, market economics and the due process of law. But it does no harm - indeed a lot of good - to modernise these principles from generation to generation.

"This year we (have) celebrate(d) the end of the Second World War - a war, in which

thousands of young Americans died to free Europe. And again, shortly, American soldiers should be coming to Europe to help cement the peace in Bosnia along with troops from other countries including a great number of our Member States. After 4 years of terrible war and suffering, the Dayton Agreement is without doubt a decisive step towards establishing peace and stability in the region. We should all applaud the role played by the United States to have brought this about. We may regret, of course we Europeans regret, that the European Union was not able or strong enough to have done the job on its own. The answer to this disappointment is that we, in the European Union, must build on these harsh lessons - notably by making our own foreign and defence policy apt for the 21st Century role the EU must play. It is essential that we continue to work closely together, with determination, to reconstruct a new beginning in ex-Yugoslavia.

"Bosnia is only one example where we are pledging to work more closely together in the New Transatlantic Agenda. "We jointly pledge in the New Transatlantic Agenda to work together to make peace, stability and prosperity in the Middle East. Hardly any area of the world is left out of this New Action Plan. That is how broad and action-oriented it is.

"Let me also mention trade. There will not be further global multilateral trade opening unless the EU and the US agree on the broad trade agenda. It is therefore significant that in the new Transatlantic Agenda we have singled out a number of major priorities: consolidating the WTO; co-operating on China and Russia's accession to the WTO; completing the unfinished business of the Uruguay Round; working together on the new trade agenda items; a specific exercise to conclude an information technology agreement; consideration of a mutually satisfactory package of tariff reductions; carrying out a joint study on ways to facilitate trade in goods and services; and many other specific items.

"In Madrid we (will) also endorse an overall concept for our bilateral economic relations.

This is the creation of a New Transatlantic Market. Its aim is to progressively reduce or eliminate barriers that hinder the flow of goods, capital and services between us. The text also welcomes the Transatlantic business dialogue

"Finally the text also encourages, by a range of measures, improving people to people links: such as more scholarships; more educational exchanges and more intern programmes.

"The European Union faces a quadruple challenge in the next few years: the

Intergovernmental Conference; Economic and Monetary Union, Enlargement; our future financial arrangements. Success on all these fronts will strengthen the European Union; strengthen our external presence; strengthen our capacity to deliver a strong, vibrant, open expanding Internal Market; strengthen our own confidence; and strengthen our relations with the United States.

"We are now on the eve of a New Transatlantic agenda we are going to take a major political leap forward. It is an Action Agenda not for the faint-hearted."

THE EUROPEAN PARLIAMENT

EP Delegation-US Congress meet

The EP's Delegation for relations with the US met the US Congress delegation for their 44th bi-annual meeting on 26/29 September 1995 in Washington. The working sessions of the two delegations led respectively by Chairman Alan Donnelly (PES/UK), and Vice-Chairman Karla Peijs (EPP/NL), and Republican Congressman Benjamin Gilman, Chairman of the International Relations Committee of the House of Representatives, covered an ambitious agenda. The talks took place in a frank and open atmosphere. The Subjects discussed were: EU/US co-operation in combating international terrorism and drug-trafficking as well as Russian organised crime and the issue of proliferation; the importance of continued global EU and US leadership and responsibility-sharing: foreign aid, the UN and international peace-keeping activities; bilateral economic and trade issues including agriculture, aviation ("open skies"), and science and technology co-operation. Also addressed were security issues (NATO/WEU/Russia) and regional issues (Bosnia, Cuba).

The EP delegation expressed its concern over the cuts by the Republican-dominated Congress on foreign aid and UN peace-keeping. These reductions were justified by the US side by the need for a more balanced

budget and by the general discontent in the United States with the United Nations. Earlier in the week, the EP delegation met with Mr Alexander Verschow, Special adviser to the President on European Affairs and Richard Shifter, Special Adviser on human rights, at the National Security Council.

The now traditional briefing at the Department of State had as its main focus on regional issues, such as Cuba, Turkey and Cyprus, and EU/US co-operation in combating organised crime and drugs trafficking. While the US side urged the EP to reconsider its opposition to the planned EU/Turkey customs union, the EP delegation considered the US positions on Turkey and Cuba somewhat inconsistent as regard human rights.

At a congressional dinner in honour of the EP delegation, Deputy Secretary of State Strobe Talbott reiterated the commitment of the US Administration to intensified transatlantic relations and to multilateral co-operation. He also urged the members of the Congress delegation to reconsider their restrictive views on foreign aid. Members of the EP delegation were welcomed on the floor of the US Senate by Majority Leader Senator Bob Dole and met with Senators Robb and Bennett. The meeting with the Deputy US Trade Representative Jeffrey Lang, focused on the need to liberalise

telecommunications markets. The issue of leg-hold trapping was also raised.

EP rapporteur on derivatives Girgos Katiforis (PES/Gr) and other Members participated in a high-level seminar on financial instruments and derivatives at the European Institute, with Federal Reserve Board Vice-Chairman Alan Blinder as guest speaker. Meetings with the Organisation of American States on economic and political developments in Cuba and Latin America, and with the Council of State Governments on public procurement, reduction of the budget deficit, and the question of capital punishment contributed to the visit's intensive programme.

Committee on Foreign Affairs, Security and Defence Policy: exchange of views with Sir Leon Brittan

Sir Leon Brittan attended the meeting of the Committee on Foreign Affairs, Security and Defence Policy on 18 July 1995, chaired by Ms Malone (PSE/Ir). Sir Leon stressed the economic, political and security importance of the EU/US relationship, although it needed to be revisited in view of the political and economic changes in the world - end of cold war, completion of the Uruguay Round negotiations. He announced the

Commission's Communication to the Council on the future of EU/US relationship and the high priority the Spanish Presidency attached to this subject.

With regard to the political and security components of the future relationship, Sir Leon Brittan underlined that these depend largely on the outcome of the Inter-Governmental Conference and the development of NATO. However, he considered that there was no reason to defer consideration of those matters. As regards the economic component, he thought that the broad concept of the creation of a Transatlantic Economic Space should be examined and obstacles needed to be removed through a variety of improved agreements. Finally, Sir Leon Brittan underlined the importance of strengthening non governmental relations, like the Transatlantic Business Dialogue (see below), of enhancing EU/US Congress and national Parliaments/Congress dialogues and of exchanges of views among intellectuals and academic circles.

Questions focused on the format of the Transatlantic Economic Space (Mr McMillan-Scott, PPE/UK), US unilateral actions and trade and social aspects (Mrs Aelvoet, V/B), and the US Helms/Burton bill on Cuba (Mr Newens, PSE/UK).

OTHER HIGH-LEVEL ENCOUNTERS

EU-US High Level Consultations on Environment

The yearly EU-US High Level Consultations on Environment took place in Washington on 12-13 October 1995. Mr Marius Enthoven, Director General for Environment, and Mr Rafe Pomerance, Deputy Assistant Secretary for Environment and Development, had an extensive exchange of views on various matters of concern, such as air quality, chemicals, pesticides, biotechnology, toxic chemicals, climate change. It was

generally felt that this kind of exchange of views was very helpful for the co-ordination of common positions in international fora. One particular problem here was the divergence in the EU/US positions in regards to the Basle Convention. However, Mr Enthoven hoped that the Amendment adopted during the third Conference of the parties to the Basle Convention would not prevent the US from ratifying the Convention.

Sub-Cabinet meeting

In September, Under Secretary of State for Economic Affairs J Spero hosted the Sub-Cabinet meeting in Washington with Director General H Krenzler of DG I. The meeting provided the opportunity for a first discussion of possible trade and economic elements of the Joint EU/US Action Plan in the Transatlantic Initiative. The conclusions were subsequently taken up in the Senior Level Group process established at the Washington Summit.

As usual the meeting was preceded by a Preparatory Meeting which also discussed a number of elements of the Transatlantic Initiative, but which also found time for its more regular agenda item: Early Warning Points. Among the items raised under this rubric were engine emission standards, cod quotas, wine denominations and US legislation on shipping tariffs. There was also time to review developments on eco-labelling, bananas, the Iran embargo and wood packaging requirements.

Information Society Dialogue

The second meeting of senior EU and US telecoms officials took place in July. The dialogue, which was established under

the auspices of the Sub-Cabinet, has proved very successful and has enabled the regulators present to learn from each other in this very fast moving and challenging policy area. The third meeting is scheduled for Spring 1996.

Mr Carpentier (DG XIII) chaired the second meeting of the Information Society Dialogue, with the US represented, as before, by Ambassador McCann (State Department), Under Secretary of Commerce Irving and FCC Chairman Hundt. The meeting began with general updates of the process of liberalisation on both sides of the Atlantic. It then went on to more specific regulatory questions of interconnection, licensing, universal service, mobile and satellite services. There was also discussion of standards, IPR and societal aspects of the Information Society. The GATS basic telecommunications and the bilateral MRA negotiations were both addressed.

In fact, the agenda was so full that a series of expert-level groups are planning meetings before the next round of the Dialogue to look at some key issues in greater detail. These represent the practical implementation of the concept of Regulatory Co-operation, and should set the stage for smoother trade relations in the future.

FOREIGN AND SECURITY POLICY

The New Transatlantic Agenda and CFSP

The first chapter of the New Transatlantic Agenda concentrates on foreign and security policy (see "Spotlight").

Peace, stability, democracy and development have along been fundamental objectives driving a great deal of common action by governments on both sides of the Atlantic. The EU and the US have now decided that they can do more together in pursuit of these

objectives according to the following priorities:

To rebuild peace in regions where there has been none by implementing the peace agreement in Bosnia-Herzegovina

Both sides are pledged to help the people of the former Yugoslavia to live together according to democratic rules determined by democratic institutions. They will assist in the organisation of free and fair elections, ensuring respect for human rights, the rights of minorities and

the right of return for refugees. Sharing the burden with other donors, they will continue to supply humanitarian assistance for the displaced and the dispossessed, and assist in the economic reconstruction and regeneration of the war-ravaged region.

Supporting the Middle East peace process

The New Agenda's ambition is both "to widen the circle of peace" and to consolidate and strengthen the peace which has already been achieved. The EU and US will widen the circle by promoting agreements between Israel, Lebanon and Syria while strengthening the peace by helping Palestinian self-government and economic development. Their economic assistance will include an "ambitious" attempt to open up their markets to products from the West Bank and the Gaza Strip as well as pressure to dismantle the Arab boycott of Israel. They will also encourage comprehensive free trade agreements between Jordanians, Palestinians, Israelis and Egyptians.

Support democratic institutions and the development of market economies in Central and Eastern Europe, where most countries are destined for membership of the Union

Similar objectives also apply to Russia, Ukraine and other newly independent States. Annual high-level consultations will intensify the EU-US dialogue on how to achieve a successful transition for these countries, based partly on helping them to integrate into the main international political and economic institutions, including the OECD. Accounting for 80% of the international aid channelled to Central and Eastern Europe and the former Soviet Union, the two sides will work for closer on-the-spot co-ordination between US missions and Commission delegations in many of these countries. This will help to sharpen the impact of their efforts to develop the financial systems and capital markets of Central and Eastern Europe, as well as

the legal and judicial frameworks needed to expand trade and investment. In the former Soviet Union, the two sides want to make their initiatives more complementary in areas such as legal advice for reforms, tax and banking sector reforms, small and medium-sized enterprise development and democracy building.

Help the deprived move from relief to long-term economic development

The New Agenda aims for a closer meshing of efforts to respond more effectively to humanitarian emergencies and to promote sustainable development. Partly, this is to be achieved through the creation of a High Level Consultative Group on Development Co-operation and Humanitarian Assistance to review existing policies and priorities and to identify projects and regions likely to benefit from closer co-operation.

Reform of the United Nations

Both sides say they are determined to keep their commitments to the UN, including meeting their financial obligations. But they also want to co-operate on a blueprint for UN economic and social reform which would make it more efficient, and its Secretariat more accountable to its members.

Peace for Bosnia

During the last four years joint efforts of the EU and the US were constantly focused on bringing peace to the nations of ex-Yugoslavia. With the Agreement of Dayton achieved in November the longest European war of the last 50 years could be finally terminated.

After the signature of the peace agreement in Paris the world is faced with two main objectives:

- Establishing and maintaining a durable peace among the people concerned and

- Reconstruction of the devastated areas in Bosnia.

The two major contributors to the accomplishment of these tasks will be the EU and the US. Under the responsibility of NATO both together will deploy the bulk of the international peacekeeping forces to be stationed in Bosnia. In addition, the Commission has proposed to the Council to allocate 1bn Ecu for the reconstruction of ex-Yugoslavia for the years 1996-99. The US envisage to increase existing financial assistance and to offer new funding of 500-600 mio \$ over the next three years.

Iran

US policy toward Iran, in particular the EU's concern about pending legislation in the US-Congress that would extend the tightened US trade embargo against Iran on foreign companies was addressed at the EU/US Summit in Madrid. Following the discussion, a joint Presidency/Commission demarche was conducted in Washington on 7 December in order to underline the EU's opposition to proposed secondary boycott legislation against European companies maintaining trade relations with Iran.

Consultations on assistance to Russia and NIS

In November, Mr Verrue (DG IA) hosted a large delegation of US officials, led by Mr Morningstar (Special Advisor to the President and Secretary of State) for a series of plenary and expert-level discussions of aid policy towards Russia and the Newly Independent States (NIS). A series of such meetings have succeeded in establishing a good rapport between the officials concerned, which it is hoped will lead to reinforced co-ordination of technical assistance in the future. In addition, administrators working in the field on the implementation of the EU's TACIS programme will also be encouraged to co-ordinate with their US counterparts.

Among the issues discussed at expert level were privatisation, banking sector reform, developing small and medium sized enterprises and taxation issues. A particularly successful example of such activities in the past has been the delivery of food aid to the Caucuses (see July edition). This winter it is hoped that this process will be further enhanced.

TRADE AND ECONOMIC MATTERS

The Transatlantic Business Dialogue

The Transatlantic Business Dialogue (TABD) was initiated in April 1995 with a joint letter from Sir Leon Brittan, Dr Martin Bangemann and US Commerce Secretary Ronald H. Brown to more than 1.500 companies in the EU and the US. The purpose of the TABD is to enable business leaders to identify what they regard as the key issues in the commercial and industrial relationship between the US and the EU; to propose areas where closer co-operation is

needed; and indicate what steps could be taken to reduce the cost of doing business and encouraging investment, both across the Atlantic and with third countries.

The TABD was formally launched with a major conference in Seville on 10-11 November 1995. Over 100 business leaders from both sides of the Atlantic participated in the conference which was convened by the three initiators and hosted by the Spanish Government. Conference chairmen were Dr Jürgen Strube (Chairman and CEO, BASF), Peter Sutherland (Chairman and Managing Director of Goldman Sachs

International), Paul Allaire (CEO, Xerox) and Alexander Trotman (CEO, Ford Motor Company).

At Seville, the participating business leaders agreed on 70 joint recommendations which were transmitted to the European Commission and the US Government. The New Transatlantic Agenda and the Joint EU/US Action Plan, adopted at the EU/US Summit on 3 December 1995, make explicit reference to the importance of the TABD for strengthening the bilateral relationship. A number of the Seville recommendations have been incorporated into the Action Plan.

There will now be an intensive follow-up process. Within the Commission, a process of inter-service consultation has already begun. A meeting of the TABD Steering Committee will take place in January, at which business leaders will expect a report from the two Administrations on the follow-up given, or to be given, to the Seville conclusions. The participants at Seville agreed to hold a follow-up conference in the US in 1996.

Update on recent events

Agreements with the US on EU Enlargement Compensation and EU Grain Import Policies

The Council has given its political approval to the three agreements negotiated by the Commission with the US, Canada and Australia on EU enlargement and grains (Art. XXIV:6) and has by implication approved the tariff changes that result from these agreements. However, this is not yet in a legal sense the formal conclusion of these agreements, nor is it a legal authority to implement the tariff changes. The enlargement agreement provides full compensation to the US for tariff increases that occurred when Austria, Finland and Sweden joined the EU on January 1, 1995. The hundreds of tariff

reductions in the agreement will result in about 4bn\$ in tariff savings by US companies over the next ten years. The agreement also commits the two parties to attempt to conclude an Information Technology Agreement that will eliminate tariffs in the information technology sector by the year 2000.

The Council called for the Commission to conclude its outstanding negotiations (e.g. with New Zealand, Thailand, Argentina and Chile) and to submit the results by 15 December, at which time the Council will convert its political approval into the proper legal form (Decision and Regulation).

MRA negotiations

The sixth round of negotiations took place in Washington in November. Although progress was made in some sectors, others will need further work before an agreement can be concluded.

Entry into force of "leg-hold traps" Regulation postponed

At its weekly meeting of Wednesday 22 November, the Commission decided to propose an amendment to Regulation 3254/91 concerning its entry into force. Accordingly, the Commission will submit a proposal to the Council and the European Parliament to postpone for one year the entry into force of the ban. Appropriate instructions will be given to customs authorities not to implement the ban on 01.01.1996. All parties concerned hope that this further one year will allow the Working Group on Humane Trapping Standards to reach an agreement on the criteria to be applied.

MARITIME TRANSPORT

President Clinton signed legislation at the end of November 1995 which lifts a 22 year old ban on the export of Alaskan North Slope Oil on condition that such oil

is shipped on US-flagged and crewed vessels.

Immediately beforehand, the Consultative Shipping Group sent to the US Secretary of State Warren Christopher a letter signed by the Ambassadors of the European Commission, Denmark, Greece, Norway and Japan asking him to convey to President Clinton their profound concerns about the shipping restrictions and to urge him to reconsider before signing the proposal into law which would violate US commitments under many important bilateral and international agreements. It could also have profoundly negative consequences on global talks aimed at removing barriers to maritime services.

SHIPBUILDING

The EU has made representations to the United States Administration on ratification of the OECD Shipbuilding Agreement. For the Agreement to enter into force on 1 January 1996 as foreseen, all parties (USA, EU, Japan, Korea and Norway) have to ratify the Agreement before the end of 1995.

The EU has been concerned by reports regarding delays in ratification of the Agreement by the United States, and in October, Sir Leon Brittan wrote to and visited Mr. Mickey Kantor, United States Trade Representative, to raise the issue with him. Representations along these lines were also made to US Congressmen by the Head of the Commission Delegation in Washington, Hugo Paemen.

INFORMATION SECTION

Financing of seminars, conferences, etc.

In 1995 the Commission partly financed just over 20 projects amounting to almost 0.5 MECU allocated under its General Budget for schemes to improve the Community's trade relations with the USA, inter alia. These cover conferences, talks, seminars, studies and research projects. Financing is usually in the form of a subsidy towards the costs involved, the balance being provided from other sources or from the organisers own funds. Grants are awarded strictly on an annual basis and do not constitute an entitlement for the future.

Four of these projects in 1995 were jointly financed by the Commission and the US Mission to the European Union, thus continuing to implement an initiative begun in 1994 following the appointment of the present US Representative to the EU, Ambassador Stuart Eizenstat.

The Commission considers that the financing of these projects assists it in improving and reinforcing the bilateral relationship and defining the Community interests vis-à-vis the United States. In return for its financial support for these projects the Commission contributes to the formulation and participates in their execution.

Administrative matters: personnel

Mr. Hugo Paemen, former Deputy Director General of DG I has been appointed Head of the Washington Delegation, in replacement of Mr van Agt, who left earlier this year. In DG I, Mr Paemen was responsible for the Commission's negotiating team during almost the entire duration of the Uruguay Round. From 1985 to 1987 he was the official spokesman of the first Delors Commission. From 1978 to 1985 he served as Chef de Cabinet of Viscount Davignon when the latter was appointed vice-president of the European

Commission. A career diplomat, he served in the Belgian Embassies in Geneva, Paris, and Washington, where he was Economic Minister for the years 1974-78.

Three new desk officers have joined the Unit for US relations in Brussels. Ms Milvia van Rij who is responsible for energy, environment, intellectual property and relations with the European Parliament; Mr Michael Pulch, in charge of export controls, national security, defence industry and aviation; and Mr Americo Beviglia Zampetti responsible for WTO, OECD, enlargement customs questions and GSP, anti-dumping and competition.

A word about the Progress Report

The Progress Report is aimed at those interested in the EU's external relations, and EU-US relations in particular. It provides information on some of the issues currently under discussion between the EU and the US, denoting progress achieved and obstacles encountered. It has, however, no claim to completeness, and the fact that some developments are reported while others are not should not necessarily be construed as a judgement as to their relative importance.

More general information on the transatlantic relationship and copies of the recently adopted New Transatlantic

Agenda and Joint EU-US Action Plan are available on request or on the Internet (Commission's Europa server at: <http://www.cec.lu/en/agenda/eu-us/index.html>; or on the US Information Agency's server at: <http://www.usia.gov/topics/atinit/taa-1.html>), as well as the Commission Communication "Europe and the US: the way forward" and the 1990 Transatlantic Declaration on EC-US Relations (which provides the basis and framework for the ongoing EU-US dialogue). Readers may also be interested in some other European Commission publications: the *1995 Report on US Barriers to Trade and Investment*; the annual *General Report on the Activities of the Communities*; and the monthly *Bulletin of the European Union*. These last two publications include chapters on the EU-US relations, with the Bulletin focusing on the on-going dialogue at the highest political level.

The Progress Report is produced by DG I (Directorate General for External Relations), Eurostat (Statistical Office of the European Union) and DG X (Directorate General for Information, Communication, Culture and Audio-visual Media).

For further information, please contact the Secretariat of Unit I-B.1 (Relations with the US; tel: +32-2-296.48.22). Alternatively, the addresses of our US information services are listed on the front page.

A copy of this report will appear shortly on the Commission's *Europa World Wide Web* server (<http://www.cec.lu/en/agenda.html>).