



European Economic and Social Committee

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Transatlantic Dialogue

Brussels, 3 June 2004

OPINION

of the European Economic and Social Committee

on

Transatlantic Dialogue: how to improve the Transatlantic Relationship

On 16 and 17 July 2003 the European Economic and Social Committee, acting under Rule 29(2) of its Rules of Procedure, decided to draw up an own-initiative opinion entitled

Transatlantic Dialogue: how to improve the Transatlantic Relationship.

The Section for External Relations, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 20 April 2004. The rapporteur was **Ms Belabed**.

At its 409th plenary session (meeting of 3 June), the European Economic and Social Committee adopted the following opinion, with 160 votes in favour, 15 against and 18 abstentions.

1. Executive summary

- A. EU–US relations have a long, mutually beneficial history and rely on strong foundations of shared basic convictions of open, democratic societies. Both the EU and the US committed themselves to a full and equal partnership in a changed geo-strategic environment following the end of the Cold War. Although this changed environment has challenged the relations on several occasions, the foundations of the partnership remain in place.
- B. Public opinion on both sides of the Atlantic shows common ground as well as differences. While differences are more distinct in foreign policy issues, there is more common ground than one would expect on economic, social and environmental issues and there is widespread consensus that continuous and intense dialogue is necessary not only in the long-term interests of the EU and the US, but also for the rest of the world.
- C. The Transatlantic Economy has become even more intertwined over time with direct investments clearly ahead of trade in importance. Although trade disputes mark the headlines, they account for less than 1% of transatlantic commerce. Growing economic interdependence leads to tensions reaching beyond the borders affecting fundamental domestic issues such as taxation, governance or regulation.
- D. Economic performance of the EU and the US shows a mixed picture which shows that both economies have their strengths and weaknesses. Both economies face important challenges in the years ahead, which give rise to the necessity for increased dialogue and cooperation in order to make the economy work smoothly for people on both sides.
- E. The changes in geopolitical challenges and threats have challenged the relationship on many occasions. Building and enhancing good governance, including social partners and civil society structures all over the world may be a useful contribution to making the world safer and improving citizen's opportunities to participate in the decisions that determine their living and working conditions.

- F. Although globalisation has opened the door to many benefits, promoted open societies and open economies as well as an increase in trade, foreign investment and world-wide wealth, it has not had positive effects for all. The EU and the US, by combining their efforts, can contribute to give effect to the economic, social and environmental potential of globalisation by improving governance both at national and at international level, including social and civil dialogue.
- G. Both sides underline the strategic importance of the EU-US relationship and the multilateral context, as global challenges require combined forces. Recent proposals to improve the institutional arrangements for transatlantic relations have underlined the importance of a sustained and intense dialogue both with a view to developing the relation and with a view to cooperating with international institutions and other parts of the world.
- H. The EESC strongly supports transatlantic cooperation and recommends that it be strengthened and broadened both in terms of involving the widest possible range of interests and actors and in terms of developing and broadening the approach to include issues relevant for the Dialogues and their respective constituencies on both sides of the Atlantic.
- I. In line with the Irish Presidency, the EESC strongly supports transatlantic cooperation and the constructive involvement of relevant communities of interest from American and European Civil Society. The EESC therefore advocates strengthening and broadening civil society networks including the Dialogues and is ready to contribute to increased information and interaction between these networks and dialogues, which could lead to regular and continuous cooperation and to establishing a Transatlantic and/or US Economic and Social Committee.
- J. The EESC offers to serve as a forum for promoting the dialogue and bringing together the relevant parties. The Committee in this context offers to organise a conference together with the relevant actors and institutions to strengthen the dialogue. The benefit of a reinforced dialogue would consist in activating civil society on both sides of the Atlantic not only in the long-term interest of the EU and the US but also for the rest of the world.

2. **Background**

- 2.1 EU-US relations have a long, mutually beneficial history and were especially intense during the Cold War. The Marshall Plan for European Recovery was one of the most important elements of this era. Following the end of the Cold War, the US and the EU adopted a series of documents in order to lay down the principles and provide for a framework for their future

cooperation in a changed geo-strategic environment¹. Promoting peace, stability and economic growth, responding to global challenges, cooperating in the economic area as well as building bridges over the Atlantic were at the core of these agreements. In the Bonn Declaration adopted at the 21 June 1999 EU-US summit in Bonn, both sides committed themselves to a "full and equal partnership" in economic, political and security affairs.

- 2.2 These agreements which the EESC supported and which have created a set of institutional arrangements, among which the Transatlantic Dialogues, have made it possible for the social partners and civil society to participate in the efforts.
- 2.3 During the 1990s and in recent years, the relationship has lived through different cycles in which the countries on both sides of the Atlantic had to adjust with more or less ease to new realities. While the foundations of a strong transatlantic partnership remain in place, these changes have led to transatlantic tensions and disagreements, partly due to differences in views and orientations, partly to perceived inadequacies in the institutional arrangements².
- 2.4 To facilitate the dialogue and orient policy towards common goals, it may be useful to have a look at the opinions of people concerned expressed in surveys and opinion polls (such as those done by the German Marshall Fund of the US or the Pew Research Center)³. Public opinion in the US and Europe shows common ground as well as differences⁴. Americans and Europeans share the basic convictions of open democratic societies, respect for human rights and the rule of law, as well as the belief in market-based economic policies⁵. Their values, however, are not always identical. When asked whether Europeans and Americans have different social and cultural values, majorities on both sides of the Atlantic overwhelmingly agreed (83% of US and 79% of European respondents⁶).
- 2.5 Although Americans were more internationalist in 2002 than prior to September 11, 2001, Americans and Europeans differ widely on foreign policy issues such as US global leadership

1 Transatlantic Declaration (1990), New Transatlantic Agenda (NTA) and EU-US Joint Action Plan (1995), Transatlantic Economic Partnership and New Transatlantic Marketplace (1998)

2 Cf. **Christopher J. Makins** (President of the Atlantic Council of the United States): Renewing the Transatlantic Partnership: Why and How? Statement prepared for The Subcommittee on Europe of the House International Relations Committee, 11.6.2003.

3 See: Transatlantic Trends 2003, a survey done by the German Marshall Fund of the United States and Pew Research Center: Public more internationalist than in 1990s; Released 12.12.2002; <http://people-press.org/reports/print.php3?PageID=656>

4 Transatlantic Trends 2003

5 **Christopher J. Makins** (President of the Atlantic Council of the United States): Renewing the Transatlantic Partnership: Why and How? Statement prepared for The Subcommittee on Europe of the House International Relations Committee, 11.6.2003.

6 Transatlantic Trends 2003

or on how to respond to threats⁷. Both Americans and Europeans see unilateralism as a problem. Both view the United Nations favourably and want to strengthen it, but Americans are willing to bypass the UN if required by national interest. Although soft power grows out of both U.S. culture and U.S. policies⁸, Europe places a greater emphasis on it⁹ and large majorities on both sides of the Atlantic say that the EU's soft power can have influence to solve world problems through diplomacy, trade or development aid¹⁰.

2.6 Americans were more supportive in 2003 of having a strong European partner, while Europeans were less willing to rely on the United States on the foreign policy front¹¹. While the Iraq war has most likely influenced this shift in European views, “unexpectedly the Americans seem more positively disposed to the European Union. This lack of symmetry, with Europeans feeling worse about the US and Americans feeling better about the EU, is surprising and potentially significant for policy-makers on both sides of the Atlantic”¹².

2.7 On social issues, business and the environment, there are more shared perspectives than one might expect, which are not, however, reflected at government level. While it is known that Europeans care about the social and environmental dimension Europe has added to political democracy, Americans, too, place an emphasis on support for the needy and on protecting the environment. The economy, education and social security dominate the public's policy agenda in the US¹³. While Americans feel empowered and applaud individual enterprise, two-thirds see the need for a government safety net for the needy¹⁴ and to guarantee every citizen enough to eat and a place to sleep. More than 50% say government should help the needy even if it means going deeper into debt, 86% agree that there needs to be stricter laws and regulations to protect the environment, 65% agree that people should be willing to pay higher prices in order to protect the environment, half the people say the tax system is unfair to them and there is a considerable amount of support (over 75%) for restricting and controlling people coming into the US to live there. Americans also seem to share the Europeans'

7 Pew Research Center: Public more internationalist than in 1990s; Released 12.12.2002; <http://people-press.org/reports/print.php3?PageID=656>

8 **Joseph Nye Jr:** Propaganda isn't the Way: Soft Power, The International Herald Tribune, 10.1.2003; www.ksg.harvard.edu/news/opeds/2003/nye_soft_power_iht_011003.htm

9 **Robert Kagan:** Of Paradise and Power: America and Europe in the New World Order, Knopf 2003

10 Transatlantic Trends 2003

11 Transatlantic Trends 2003

12 Transatlantic Trends 2003

13 Pew Research Center: Economy, Education, Social Security Dominate Public's Policy agenda, Released: 6.9.2001, www.people-press.org/reports/print.php3?PageID=33

14 Pew Research Center: The 2004 Political Landscape, Page 39ff; Categories comprise: completely agree and mostly agree, www.people-press.org

concern about Genetically Modified Organisms (GMOs) to some extent, as 92% of them are in favour of labelling GMOs¹⁵.

2.8 There is widespread consensus that a more thorough, intense and continuous dialogue is necessary in order to build on common interests, outweigh the differences and to recognise shared interest in a common agenda in many areas of the world economy. The EESC in previous opinions has recognised the importance of the transatlantic partnership and emphasised that a broadly-based partnership and cooperation must be based on mutual understanding and respect for each other's visions, values, interests and models of society¹⁶.

3. **Dimensions of transatlantic relations**

3.1 The most important dimensions underlying Transatlantic relations are the following: EU-US economic and commercial relations, global policy and security, globalisation - international economic, social and environmental development, transatlantic institutions, commitment to the transatlantic partnership and multilateral governance.

3.2 **EU-US economic and commercial relations**

3.2.1 As the Quinlan Report¹⁷ on Transatlantic Economic Relations shows, the transatlantic economy has become even more intertwined and interdependent since the fall of the Berlin Wall, and foreign investment is clearly ahead of trade in importance.

3.2.2 For example, roughly half of US FDI in the 1990s went to Europe. Europe's investment stake in the US in 2000 was nearly 25% larger than America's stake in Europe. In 2001, and throughout most of the 1990s, Europe accounted for half of total global earnings of US companies. US firms invested more than twice as much capital in the Netherlands as in Mexico. There is more European investment in Texas alone than all US investment in Japan.

3.2.3 Although transatlantic trade disputes hit the headlines, trade itself accounts for less than 20% of transatlantic commerce, and EU-US trade disputes for less than 1% of transatlantic commerce. Despite an early warning mechanism developed in 1999, disputes over trade-defence mechanisms (such as safeguard measures, anti-dumping and countervailing duties), subsidy-related issues, intellectual property rights and other measures in areas such as steel, bananas, beef hormones, genetically modified organisms (GMOs), trademarks/geographical indications have caused serious disagreement and disputes. As of 16 March 2004, the EU had

15 ABC-Survey according to Süddeutsche Zeitung, 19.8.2003

16 EESC: Re-invigorating the transatlantic partnership and dialogue (OJ C221 of 7.8.2001)

17 **Joseph P. Quinlan**: Drifting apart or Growing together? the Primacy of the Transatlantic Economy. Washington, DC, Center for Transatlantic Relations, 2003

14 active WTO disputes underway with the US¹⁸. In the most recent case concerning Foreign Sales Corporations the EU has imposed tariffs on a series of US products as long as the underlying Act, which has been ruled illegal by the WTO, is not adapted to WTO rules.

- 3.2.4 Some of the tensions between the EU and the US result from growing economic interdependence. In many cases they are not traditional “at-the-border” trade disputes, but reach beyond the border and affect such fundamental domestic issues as the ways Americans and Europeans are taxed, how our societies are governed, or how our economies are regulated¹⁹.
- 3.2.5 Performance of the EU and US economies shows a mixed picture. Contrary to the widespread view that the US economy outperforms the European one, even IMF and OECD data show that Europe has done better in some areas²⁰: It is true that overall growth rates in the US have been higher than in Europe, but living standards, as measured by GDP per person, have risen faster in the EU than in the US.
- 3.2.6 On labour productivity, there are mixed numbers, depending on the time span considered. US productivity on average is higher than EU productivity since 1995, but lower for the longer period 1990 to 2002. Even while the average is higher in the US, five European countries have done better. Unemployment on average is higher in Europe, but seven countries show lower unemployment than the US.
- 3.2.7 Unemployment is a problem both for the economy as a whole – as it means resources are being unused – and for people, especially if unemployment is accompanied by a lack of social protection. In addition to macro-economic policy, factors like the structure of the labour market, education levels, or the way social protection systems are designed can greatly influence participation rates. Unemployment, together with inequality in incomes, a lack of social protection as well as education levels is one of the factors influencing and explaining poverty rates.
- 3.2.8 On average Europe has higher taxes than the US. However, this does not necessarily constitute a competitive disadvantage. If taxes are spent well, they can boost an economy’s productivity. The World Economic Forum has recognised this in changing the calculation method for public budgets which resulted in the fact that Finland outperformed the US

18 EU-Commission: General Overview of Active WTO Dispute Settlement Cases involving the EC as complainant or defendant. http://europa.eu.int/comm/trade/issues/newround/index_en.htm

19 **Joseph P. Quinlan**: Drifting apart or Growing together? the Primacy of the Transatlantic Economy. Washington, DC, Center for Transatlantic Relations, 2003

20 **Philippe Legrain**: Europe’s mighty Economy, <http://www.philippelegrain.com/Articles/europe’smightyec.html>

according to the 2003-2004 Global Competitiveness Report, while Sweden and Denmark also have improved their position now ranking third and fourth (formerly 5th and 10th)²¹.

- 3.2.9 Looking at productivity and taxes at the same time we see that higher taxes do not necessarily impede productivity. Of the five countries showing higher productivity growth than the US since 1995: Belgium, Austria, Finland, Greece and Ireland and the six countries that have higher productivity levels: Germany, the Netherlands, Ireland, France, Belgium and Norway (which is not an EU member), only Ireland is a low-tax country.
- 3.2.10 The lesson from this is: the EU and US economies are strongly linked. Both have their strengths and weaknesses. Both economies face important challenges in the years ahead, which gives rise to the necessity for increased dialogue and cooperation in order to make the economy work smoothly for people on both sides.

3.3 **Global policy and security**

- 3.3.1 The shift from the Cold War, a situation strongly marked by similar interests between the EU and US, to a situation in which the principal strategic challenges have different geographical origins and in which the nature of threats has changed, has resulted in diverging viewpoints as to how these should be dealt with.
- 3.3.2 Globalisation's potential for good is immense and it has opened the door to many benefits. There are, nevertheless, deep-seated and persistent imbalances in the current workings of the global economy. Seen through the eyes of the vast majority of men and women, globalisation has not met their simple and legitimate aspirations for decent jobs and a better future for their children. As open societies are threatened by global terrorism, global governance needs to focus on the concerns and aspirations of people and to improve accountability and democracy at both national and international level to increase global security. Globalisation needs to be based on universally shared values and respect for human rights and individual dignity²². If globalisation is managed better, the world can come closer together and become more prosperous. Better globalisation is the key to a better and more secure life for people everywhere in the 21st century. If it continues to be poorly managed discontent with globalisation will grow.
- 3.3.3 In this context, fighting corruption, dictatorships and failed governments as well as building social partners and civil society structures all over the world, especially in countries where good governance structures are weak or have yet to develop, may be a useful contribution to making the world safer and improving citizens' opportunities to participate in the decisions that determine their living and working conditions.

²¹ World Economic Forum: Global Competitiveness Report 2003 – 2004; <http://www.weforum.org>

²² ILO: A fair Globalisation: Creating opportunities for all, Geneva, 24.2.2004

- 3.3.4 The EESC's contributions to building and strengthening social and civil dialogue in future EU member states as well as in third countries have a long-standing tradition. The EESC has also been an active partner in the EU's Barcelona process, which may constitute a useful basis to build on. In addition, supporting the process of democratisation and the building of social partners in Iraq, for instance, may become a common project of the EU and the US.
- 3.3.5 The security of transports is also a sector inviting enhanced cooperation between the US and the EU. The EESC²³ sees "an urgent need for the EU to take the lead internationally in developing a broader framework for security which will also address the causes of terrorism and not only seek to eliminate its effects. [...] Given the international character of maritime and air transport, security requirements should be based on reciprocal arrangements, informally applied and enforced without discrimination, whilst allowing for the most efficient flow of trade". Moreover, the EESC warned that "the European philosophy and culture sustains a strong respect for human rights and any reaction to threats of terrorism should not disregard these long-cherished principles". The US/EU agreement on container security (November 2003) and its implementation offer an opportunity for discussion in the Transatlantic dialogue. The US and EU are also cooperating at international level in the ILO on seafarers' identity and at the International Maritime Organisation jointly with the ILO on the safety and security of port facilities.

3.4 **Globalisation - international economic, social and environmental development**

- 3.4.1 Globalisation has opened the door to many benefits, promoted open societies and open economies and encouraged a freer exchange of goods, ideas and knowledge. A truly global conscience is beginning to emerge, which is sensitive to the inequities of poverty, non-respect of freedom of association, gender discrimination, child labour and environmental degradation wherever these may occur²⁴.
- 3.4.2 However, despite an increase in trade, foreign investment and worldwide wealth, globalisation has not had positive effects for all. The worldwide reduction of barriers to trade and capital movements as well as for services and movements of persons has facilitated global sourcing for companies, but it has also created the conditions for worldwide competition with worrying impacts on workers, taxes and the financial sustainability of social protection systems and services of general interest. Worldwide it has led to an increase in poverty in 54 countries since 1990²⁵. Inequality between and within countries has increased, the stability of the world economy is threatened by the volatilities of the financial markets as well as by macro-economic imbalances such as currency relations or trade imbalances.

²³ EESC: Opinions CESE 156/2002 and OJ C32 of 5.2.2004

²⁴ ILO: A fair Globalisation: Creating opportunities for all, Geneva, 24.12.2004

²⁵ UNHDR 2003, according to: Süddeutsche Zeitung, 9.7.2003

- 3.4.3 The EU and US when combining their efforts can contribute to fully displaying the economic, social and environmental potential of globalisation by improving governance both at national and at international level as well as improving rules for international trade, investment, finance and migration by taking into account all interests, rights and responsibilities and thus achieving a more broadly-based and equitable distribution of the benefits of growth, that can provide security and stability for the benefit of all.
- 3.4.4 In this context, global governance needs to be improved. International organisations, which currently have different mandates, need to coordinate their efforts. A better management of globalisation requires coordinated work of the WTO, IMF, World Bank and OECD with other international organisations, in particular with the ILO and the UN as well as improved governance of these institutions, including social and civil dialogue.
- 3.4.5 The EESC underlines the importance of respecting and implementing core labour standards and welcomes the efforts of the US Treasury Department to maintain the forward momentum in the recognition of core labour standards by the World Bank and the IMF as an important issue to be integrated into their development agenda²⁶.
- 3.4.6 The EESC questions the International Monetary Fund's promotion of radical labour market deregulation in Europe²⁷, considering that this could have serious implications for the European Model of society and pointing out that social safety nets constitute much needed automatic stabilisers in economic downturns.
- 3.4.7 There is a growing concern on both sides of the Atlantic about jobs being exported to other regions due to technological possibilities, fewer trade barriers, as well as competitive advantages through different regulation systems, which basically consists in lower labour, environmental and animal protection standards. Economists have largely accepted the trend as a logical phenomenon of free trade²⁸, which has made possible the easy transfer of jobs to low-wage countries. This is expected to cause future long-term structural unemployment. As both the EU treaties and the draft for the future EU Constitution call for improving living and working conditions, there is some thinking needed about raising labour and environmental standards and living and working conditions in these countries while at the same time maintaining and improving them in Europe and the US.

²⁶ US Department of the Treasury: 2002 Report to Congress on Labor Issues and the International Financial Institutions, 31.3.2003

²⁷ IMF (International Monetary Fund) World Economic Outlook, April 2003, Chapter IV: Unemployment and labour market institutions: why reforms pay off.

²⁸ Preparing America to Compete Globally: A Forum on Offshoring, Brookings Institution, 3.3.2004; www.brook.edu/comm/op-ed/20040303offshoring.htm

- 3.4.8 In the wake of the corporate scandals in recent years, public opinion in the US has become more critical of corporations: 77% of Americans say there is too much power concentrated in the hands of a few big companies, 62% say that business corporations make too much profit²⁹. Corporate Governance is thus a major issue. In addition to concrete actions already taken and under way such as Sarbanes-Oxley in the US, the Revision of the OECD Corporate Governance Principles and activities on EU and national level, coordinated efforts are required to make sure corporations are governed in a responsible way that takes into account the interests of all of their stakeholders.
- 3.4.9 Both the EU and US have pushed for progress in the Doha round. To ensure that civil society views are better incorporated into the negotiations at EU level, the European Commission's DG Trade is involving civil society in the preparation and follow-up to the negotiations and the EESC is fully involved in this process. The EESC will also take the initiative to organise a dialogue with its partners in all continents in order to contribute more effectively to the process and in this respect will organise a conference on WTO issues³⁰ in July 2004.
- 3.4.10 Environment and climate change are clearly areas where populations on both sides share concerns, but governments have rather differing views. The Pentagon has recently released a study on the security effects of different scenarios on climate change. In the light of the ongoing dissent over ratification of the Kyoto protocol, the potential effects of climate change certainly are one of the important, albeit difficult, issues to be discussed.
- 3.4.11 The EESC has also underlined the importance of sustainable development on several occasions. While solemn declarations have been made in international meetings and agreements including the Earth Summit, the Millennium Goals or the Lisbon Strategy, concrete action still is lagging behind. The EESC therefore underlines its call for progress expressed in several opinions³¹.
- 3.4.12 The EU has emphasised the role of food safety, consumer protection and animal welfare in the Doha-WTO-negotiations besides the trade policy measures. The EU thinks that it is necessary to have better, more transparent rules for international trade related to food safety.
- 3.4.13 Agricultural trade is one of the most difficult topics together with issues such as mad cow disease (BSE), beef hormones, the system of farming, food safety and Genetically Modified Organisms (GMOs). The EU and US have a lot of trade and commercial cooperation in the agrobusiness field. These two big trading partners have had some trade policy difficulties over GMOs and hormones. It is important to recognise that the EU and US have reached

²⁹ Pew Research Center 2004 political landscape

³⁰ The contribution of civil society to the work of the WTO, 8.7.2004, EESC, Brussels

³¹ The Lisbon Strategy and Sustainable Development, OJ C95 of 23/04/2003; Towards a global partnership for sustainable development Brussels, 30.5.2002, OJ C221 of 17.9.2002

constructive compromises in the ongoing Doha Round especially in the agricultural sector. The EU has underlined the role of the European agricultural model respecting the environment and animal welfare and moderate reforms in the agriculture policy, where it would be very important to take into account the non-trade concerns and preferences of developing countries in the forthcoming trade agreements and rules.

- 3.4.14 The latest EU enlargement presents the EU with its greatest challenge to date and at the same time constitutes a dynamic process towards the unification of Europe, strengthening peace, security and prosperity throughout the continent. Both the EU and US are interested in the development of the new EU member states, as well as in improving relations with Russia and the EU's new neighbours and promoting respect for human rights and democracy.

3.5 **Transatlantic institutions**

- 3.5.1 The institutional arrangements provided for by the agreements of the 1990s have been a source of some dissatisfaction. Reasons for this have been: the asymmetry of power between the EU and US, the differing memberships of NATO, EU and other institutions, the incomplete integration of the EU and a general dissatisfaction with the EU-US summit³².

- 3.5.2 Recent proposals to improve the institutional arrangements show that the most important factor for progress is the launching of sustained and intense dialogue on the most important issues in whichever institutional setting seems the most appropriate. Unfortunately none of the approaches adequately takes into account the benefits that can be achieved by including social partners and civil society.

3.6 **Commitment to transatlantic partnership and multilateral governance**³³

- 3.6.1 Both sides underline the strategic importance of the EU–US relationship and the multilateral context, as global challenges require combined forces.

- 3.6.2 As the European Council stated in December 2003, “the transatlantic relationship is irreplaceable and the EU remains fully committed to a constructive, balanced and forward-looking partnership with our transatlantic partners”³⁴.

³² **Christopher J. Makins** (President of the Atlantic Council of the United States): *Renewing the Transatlantic Partnership: Why and How?* Statement prepared for The Subcommittee on Europe of the House International Relations Committee, 11.6.2003

³³ Multilateral governance means decision-making within the set of International Institutions like the UN, the WTO, the IMF, the World Bank, the ILO, the OECD etc.

³⁴ European Council – Presidency Conclusions

- 3.6.3 The EESC agrees with the European Council that it is vital to maintain a permanent dialogue as strategic partners and welcomes the Council's intention to encourage all forms of dialogue between legislative bodies and civil societies on both sides of the Atlantic.
- 3.6.4 Working together bilaterally and within the framework of multilateral institutions, the transatlantic partners will combine the vision and capabilities needed to address the challenges of our time.
- 3.6.5 A series of different initiatives underway have outlined the importance and necessity of ongoing and deepened transatlantic cooperation. The German Marshall fund of the United States and the Transatlantic Policy Network have been among the most active organisations to work on the EU–US relationship. Their activities range from analysing public opinion on both sides of the Atlantic, including economic aspects of the relationship, to organising contacts and conferences and to making recommendations and strategies for the future of EU-US relations.
- 3.6.6 The Transatlantic Policy Network has developed a 10-point – 10-year action plan to strengthen Transatlantic Partnership, to be implemented from 2005 through 2015 on the basis of jointly agreed objectives, actions and benchmarks for progress. The strategy builds on four areas of interest: Economic, Defence and Security, Political and Institutional³⁵.
- 3.6.7 While this programme constitutes a valuable effort to develop the relationship, the EESC regrets that the social dimension of the relationship is hardly mentioned.
- 3.6.8 On the economic side, there is a long-standing debate on the Transatlantic Market³⁶. TPN calls for deepening and broadening the transatlantic market, others have gone further calling for a Transatlantic Free Trade Area. In the light of the experiences of both EU integration and NAFTA, the EESC argues in favour of an approach which combines the economic, social and environmental dimension based on economic, social and territorial cohesion. This is also consistent with the draft for the EU constitution which calls for a social market economy as one of the goals of the Union.

4. **Improving the Transatlantic Partnership – why and how?**

- 4.1 A strong transatlantic partnership is an important driving force in dealing with the challenges ahead. Both Europe and the US are cooperating bilaterally and through the support of international institutions with different parts of the world based on their respective values, convictions and policies. Economic and social cohesion, social and civil dialogue constitute basic elements of European governance, while they are much less important in the United

³⁵ Transatlantic Policy Network: A Strategy to strengthen Transatlantic Partnership, Washington-Brussels – 4.12.2003

³⁶ Cf. The Transatlantic Market: a leitmotiv for economic cooperation, **Erika Mann**, MEP, November 2003.

States. These different approaches may therefore lead to conflicting recommendations and cooperation models in the regions concerned.

- 4.1.1 For instance, while the US is the driving force in the creation of a Free Trade Area of the Americas on the model of the NAFTA agreement, other voices in the region have argued for drawing on the European Integration experience. Actors as diverse as the Brazilian Government, Mexico's President Vicente Fox ("NAFTA plus"), US Representatives and a network of trade unions have called for an alternative to the FTAA that would include elements similar to the EU such as a development fund to reduce disparities, free movement of persons, participation in decision-making, common currency and enforceable social standards³⁷.
- 4.1.2 Taking another example, economic and social reforms in the future Member States of Central and Eastern Europe in the past 10–15 years have been supported both by the EU and international organisations, such as the IMF and the World Bank. As the EU has only limited competence and legal patrimony in some areas – e.g. social protection systems - reforms in these areas have been driven by the international institutions oriented on a model of society with underlying values and principles that are not fully compatible with the European Model of society which may create problems when the new countries join³⁸.
- 4.2 If Europe wants a stronger voice on the international stage, it will have to integrate further in order to enhance its ability to speak out and act in the international community. In this context, the EESC welcomes the efforts undertaken by the Irish Presidency and hopes that recent developments in Member States' positions will contribute to reaching a consensus on the future constitution.
- 4.3 The Transatlantic Partnership has created a set of institutional arrangements including governments as well as legislators and civil society networks. Civil society participates in the form of different Transatlantic Dialogues which seem to be unequally active:
 - 4.3.1 The Transatlantic Business Dialogue (TABD) was the first and for a time the most active of the dialogues. Nevertheless, there were some doubts over its effectiveness and over the implementation of results. It was reinvigorated at the EU-US summit 2003. The two new co-presidents recently declared that they saw the need to revive the TABD to help create a barrier-free transatlantic market and stimulate transatlantic economic cooperation.
 - 4.3.2 The Transatlantic Labour Dialogue (TALD) has mostly taken place within the existing trade union confederations. In order to contribute fully to the Transatlantic Dialogue and to developing the social dimension of EU-US relations, the TALD needs to be strengthened.

³⁷ Sarah Anderson, John Cavanagh: Lessons of European Integration for the Americas, Institute for Policy Studies, Washington, February 2004.

³⁸ EESC: Economic and social consequences of enlargement in the candidate countries, OJ C85 of 8.4.2003

During 2001-2003, a joint project on “Improving the transatlantic dialogue – the world of work” brought together union representatives from multinational companies through a series of training workshops.

- 4.3.3 Over six years, the Transatlantic Consumer Dialogue (TACD) has developed into the most active of the dialogues. It discusses issues of concern to both sides such as GMOs, unsolicited commercial email (spam), digital copyright, as well as issues affecting consumers in developing countries, bringing together consumer representatives from the EU and the US and representing consumer perspectives to the two administrations.
- 4.3.4 The Transatlantic Environmental Dialogue (TAED) lasted less than two years due to funding difficulties, but is a vital element with regard to the environmental issues at stake.
- 4.3.5 Existing institutionalised cooperation between the two parliaments has been developed to become the Transatlantic Legislators’ Dialogue, which now holds video-conferences and bi-annual meetings.
- 4.3.6 The informal transatlantic farmers' dialogue needs to be strengthened and integrated into the transatlantic dialogues and networks, taking on board issues such as GMOs, hormones and, in particular, the European model of agriculture..
- 4.3.7 In addition, the European Commission has launched two people-to-people initiatives in the field of education and policy-making, involving EU centres in American universities as well as think tanks, academic institutions and networks at local level.
- 4.3.8 Other informal dialogues complete the picture.
- 4.4 The EESC, based on its consultative role within Europe and its cooperation activities with social partners and civil society throughout the world, may be well placed to serve as a forum for promoting the dialogue and bringing together the relevant parties.

5. **Proposals – recommendations**

- 5.1 In line with the Irish Presidency of the European Council, which aims at ensuring a solid and productive political and economic transatlantic relationship, the EESC strongly supports the transatlantic cooperation and recommends that it be strengthened and broadened both in terms of involving the widest possible range of interests and actors and in terms of developing and broadening the approach to include issues relevant for the dialogues and their respective constituencies on both sides of the Atlantic.
- 5.2 The EESC strongly supports the constructive involvement of relevant communities of interest from American and European civil society. The Dialogue Structure, established by the

agreements in the 1990s, is a useful instrument which can and should be further developed to include a broader range of civil society networks.

- 5.2.1 To make these dialogues and networks work effectively, it will be necessary to build on their respective interests, aspirations and concerns and on core topics of mutual interest for the partners concerned. It may be useful to have a thorough debate on their role and mission as well as on improving their effectiveness. This includes developing common understanding of their role on both sides of the Atlantic, especially with governments and parliaments, which are important political partners of the dialogues.
- 5.2.2 Drawing on past experiences, these dialogues and networks should have equal access to governments and high-level officials, which would make their functioning and work more attractive to their respective interest groups. Strengthening them also requires that the outcomes of their considerations are better taken into account in political decisions.
- 5.2.3 Keeping the dialogues and networks going and strengthening them requires commitment and financial funding including core costs. In this context, the EESC points out that funding should include support for meetings, which may be necessary to find common ground, and for the development of common projects.
- 5.2.4 In the long-run, the EESC would be ready to contribute to increased information on and interaction between these dialogues and networks which could lead to regular and continuous cooperation. The establishment of a Transatlantic and/or US Economic and Social Committee should also be considered.
- 5.3 The issues to be dealt with should build on the respective interests, aspirations and concerns of the dialogues and networks and their constituencies. The Dialogues have already decided on or suggested issues they would like to deal with and formulated objectives they would like to reach.
- 5.3.1 The TABD has recently renewed its dedication to strengthening the transatlantic relationship and to fostering global economic cooperation and development. The TABD has committed itself to pursue a core agenda driven by its members. It intends to proactively identify upcoming challenges and give concrete high-level business input to the EU-US legislative and policy agenda developing key recommendations to the US administration and the EU Commission. It intends to come up with solutions to transatlantic economic, trade and investment problems and to recommend areas for joint action by governments on both sides of the Atlantic. Four areas of priority have been identified recently: trade liberalisation and the Doha round, intellectual property rights, international accounting standards and security and trade issues. Its goal is “to help establish a barrier-free transatlantic market, which will serve as a catalyst for global trade liberalisation and prosperity and to stimulate innovation,

investment and economic growth and create new jobs". The TABD also intends to monitor the governments' progress on the implementation of its recommendations³⁹.

- 5.3.2 For the TALD, trade unions attach importance to the vital nature of the transatlantic relationship and considering the ways it can be effectively widened and deepened. Trade unions have for many years developed their bilateral relationships and would like to see the Transatlantic Labour dialogue expanded. There are numerous possible topics in the areas of social, economic and labour dimensions that could be discussed. Job dislocation which occurs on both sides of the Atlantic could be subject to an exchange of best response practices. In the wake of large corporate collapses, improving corporate governance to enhance accountability and the voice of workers is another issue. Reviewing social protection, health care, education and training, occupational safety and health, pension systems, wider industrial relations including framework agreements and development assistance in respect of international core labour standards are other relevant topics subject to dialogue⁴⁰.
- 5.3.3 The TACD develops and makes joint consumer policy recommendations to the US government and the European Union to promote consumer interests in EU and US policy formulation. 45 EU and 20 US consumer organisations participate, mainly through membership of the working groups, on food-related issues, e-commerce, trade, economic issues and intellectual property which develop and produce common TACD policy positions. Its priorities for government action 2003–2004 comprise Global Intellectual Property Rules on Access to Medicines, Genetically Modified Organisms, Nutritional Labelling, Unsolicited Commercial Electronic Mail (Spam), Internet Fraud and Consumer Redress, Product Labels and Trade Rules, Transparency and Early Warning⁴¹.
- 5.3.4 The Transatlantic Environmental Dialogue regrettably has collapsed but given the importance of developments such as the effects of global warming; activities of transatlantic civil society networks in this area should therefore be encouraged.
- 5.4 The EESC may be a useful platform for giving transatlantic dialogues and networks a stronger voice and enhancing their interaction.
- 5.4.1 The EESC in this context offers to organise a conference together with the relevant actors. The purpose of such a conference would be to encourage the development of transatlantic civil society networks on environmental issues, to develop common understanding on the importance of the dialogue at non-governmental level, the topics to be dealt with and what would be the best ways to achieve their respective goals and strategies and to exchange views and work together.

39 TABD comments and documents, distributed at the study group meeting in Dublin, 24.3.2004.

40 Trade union message to the study group meeting in Dublin, 24.3.2004.

41 TACD Website: www.tacd.org

- 5.4.2 In preparing the conference, the EESC would contact the relevant actors and institutions in order to identify the relevant parts of civil society to be represented in the conference, take up their interests and concerns as well as the topics they would like to deal with and build the ground for cooperation.
- 5.4.3 The benefit of a reinforced dialogue would consist in activating civil society on both sides of the Atlantic, creating effective networks, fostering an exchange of views within and between transatlantic civil society networks including the Dialogues, provide high level access to government, help form good professional relationships between these networks and dialogues and government/administration. It would thus strengthen and improve the institutional structures not only in the long-term interest of the EU and US but also for the rest of the world.

Brussels, 3 June 2004

The President
of the
European Economic and Social Committee

The Secretary-General
of the
Economic and Social Committee

Roger Briesch

Patrick Venturini

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List of Abbreviations:

BSE	Bovine Spongiform Encephalopathy (Mad cow disease)
FDI	Foreign direct Investment
FTAA	Free Trade Area of the Americas
GDP	Gross Domestic Product
GMOs	Genetically modified Organisms
ILO	International Labour Organisation
IMF	International Monetary Fund
NAFTA	North American Free Trade Area
OECD	Organisation for Economic Cooperation and Development
TAD	Transatlantic Dialogue
TABD	Transatlantic Business dialogue
TACD	Transatlantic Consumer Dialogue
TAED	Transatlantic Environmental Dialogue
TALD	Transatlantic Labour Dialogue
TLD	Transatlantic Legislators' Dialogue
UN	United Nations
WTO	World Trade Organisation

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N.B.: Appendix overleaf.

APPENDIX

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