

# Transatlantic Institutions — Remarks on their Work\*

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**Abstract:** *This article focuses on activity of formal bodies; these have been created in the framework of transatlantic cooperation based on agreements adopted in the 1990s and later. The first part of this paper deals with identification of bodies and their role in the transatlantic relations. During more than 20-yearlong new period of EU-US partnership, an institutional framework has been set up, which allows dealing with many of the various issues in the transatlantic space. The second part outlines selected approaches on efficiency and evaluation of activity and fruitfulness of the cooperation in the institutional framework. This paper offers an argument that even if the relations are based on several formal channels on three levels, there is still a space that could be use. Several obstacles remain in high expectations and low political will on both sides of Atlantic.*

**Keywords:** *transatlantic relations, New Transatlantic Agenda, transatlantic institutions, Transatlantic Economic Council*

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## Introduction

Relations between the US and the European Union are characterized by long-term cooperation and a strong position of both entities in a global context as well. The background of the transatlantic partnership has its roots in the post WW II period and in further widening of diplomatic relations with individual countries of Western Europe. Contemporary cooperation of the US and the EU deals with several issues in many areas — this includes not only complicated global development and security issues but also different positions of both entities in trade issues.

The evident strong position of the US and the EU in a global context is undeniable from various points of view. The transatlantic economy is the largest and wealthiest market in the world, accounting for over 54 % of world GDP in terms of value and 40 % in terms of purchasing power. In foreign direct investment (FDI), together they accounted for 62.9 % of the inward stock of FDI, and an enormous 75.3 % of outward FDI stock. (Hamilton 2011: V, VI)

The US and European Union play crucial roles in the World Trade Organization. “Transatlantic coordination appears to be a vital precondition to the continued liberalization of global as well as transatlantic trade and investment. But the US and EU both confront considerable obstacles to the formulation of such common positions.” (Pollack, Schaffer 2010: 292)

Agreements signed between the US and EU defined not only areas and goals where progress has to be made, but led to creation of several formal and informal bodies in Euro-Atlantic relations as well.

This article attempts to identify the institutional framework of transatlantic relations. On a basis of their analysis the following is than compared: efficiency and function of bodies, which had been established to enhance and strengthen transatlantic relations. The first part of this paper deals with the evolution of EU-US relations in the sense of the crucial documents adopted, which created a vital environment for further institutional infrastructure in the transatlantic partnership. This helps to understand how the cooperation works and what actually the agenda of transatlantic institutions is. The establishments of regular meetings of the highest representatives, expert dialogues, Transatlantic Economic Council and recently in Dialogue on Climate Change are often viewed differently — on one hand positively on the other negatively.

The second part of this paper than deals with current views of possible changes and reforms of transatlantic institutions. The background outlines issues and limits of Euro-Atlantic cooperation; whereas, function and action of transatlantic institutions will show that approaches to reform are relevant and inevitable for the future.

# 1 Definition of the Transatlantic Institutions

A crucial period for transatlantic relations and for the definition of the institutional framework of cooperation began in the 1990's. Petterson and Steffenson (2009: 26) noted this period as the "golden era in transatlantic institution building." In 1990 the Transatlantic Declaration and then in 1995 the New Transatlantic Agenda were signed. "Even if the formal dialogue structures and policy framework created by the NTA, although not legally binding, have established a new structure of transatlantic governance." (Steffenson 2005: 5)

Peterson (1996) defines the period of 1990's as an era "new transatlanticism" characterized by a deepening of cooperation in transatlantic relations by increasing efforts in economic integration, and bringing more domestic and other actors into play. Nevertheless, this courageous step has not been enough. A changing world, increasing positions of new emerging powers had to be taken into account in common transatlantic interests.

In this context and further development Smith (2009) speaks about the transatlantic relations of the period 2001–2008 as a form of "new new transatlanticism" where cooperation reacts in global development. For the EU-US cooperation became a challenge of the management of the new strong economic impact coming from countries such as India, China, Brazil or South Africa.

Form of governance and "relations management" within the EU-US space can be generally divided into three levels in which transatlantic institutions operate. These are:

- The Intergovernmental level — meetings of representatives on the highest level, these are in comparison to transgovernmental level meetings biannual or annual, in other words, less regular than meetings on other levels.
- The Transgovernmental level — here representatives of administration and ministerial officials are responsible for setting policy. The European Commission with its Directorates, and the US Cabinet play a most important role here — through policies, which are implemented through Mutual Recognition Agreements and Positive Comity Agreement. (Steffenson 2005: 18)
- The Transnational level — forums based on debates within private sector, here "non-governmental actors influence transatlantic decisions taken at the top by exerting pressure through the domestic process and participating in institutionalized networks." (Steffenson 2005: 20)

To understand the evolution of transatlantic channels of cooperation, it is necessary to outline crucial documents; adoption of these brought definition to transatlantic institutions. The foundation is the New Transatlantic Agenda (NTA) and Transatlan-

tic Partnership (TEP). Both documents are milestones of EU-US relations, not only due to establishment of formal institutions of cooperation, but especially due to the defining of goals and channels of the transatlantic partnership.

The New Transatlantic Agenda could be briefly characterized by four areas — in other words, by goals, where the EU and the US needed to strengthen their cooperation:

- Promoting peace, stability, democracy and development around the world.
- Responding to global challenges.
- Contributing to the expansion of world trade and closer economic relations.
- Building bridges across the Atlantic.

Efforts to build a stronger partnership also continued with efforts of the European Commission (EC) after adopting the NTA. The EC reacted on persistent issues on bananas or beef with a call for creation of the “new transatlantic marketplace.” Officially, this step has been taken by adopting the Transatlantic Economic Partnership (TEP) and its Action Plan. (Pollack 2003: 8) This document declared a will to continue the removal of trade barriers and stimulating discussion on creation of the above-mentioned “new transatlantic marketplace.” Among others, the TEP enabled the private sector and civil sector to participate in the transatlantic dialogue in several areas. This led to establishment of dialogues — platforms based on a formal level to stimulate specified fields of interest (the above-mentioned third level).

“NTA itself, as well as the subsequent Transatlantic Economic Partnership, can be read as an effort by the administration and the Commission to institutionalize their joint preference for the ongoing liberalization of transatlantic and global trade and investment, and expand their respective winsets by empowering and engaging key constituencies, as through the Transatlantic Business Dialogue.” (Pollack, Schaffer 2010: 295)

In general, an institutional framework of transatlantic relations has been created, which is formally based on the following levels, which correspond with the general dividing structure mentioned above.

*EU-US Summits* — meetings at the highest levels (initially biannually but since 2000 annually)

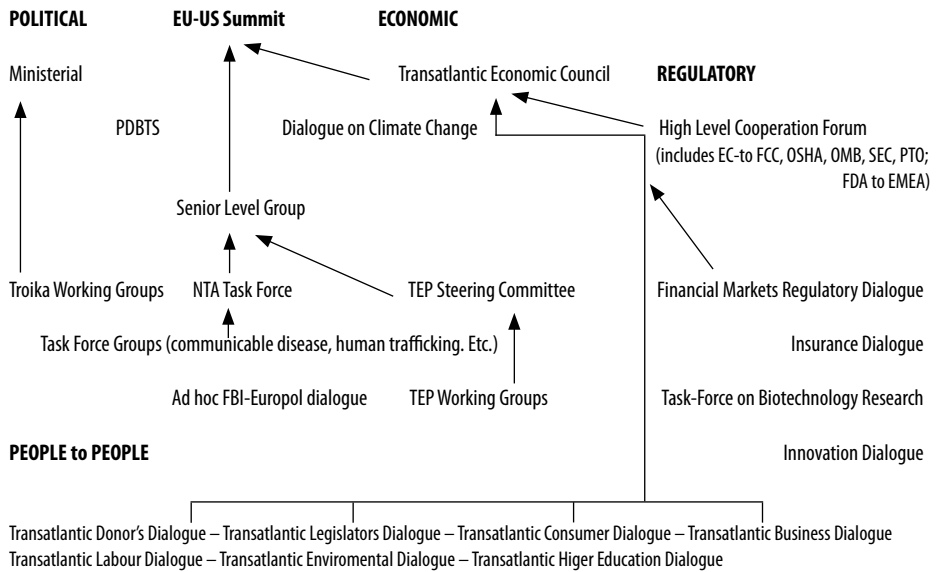
*Ministerial* — meetings of EU representatives

*Senior Level Group/Political Directors (SLG)* — meetings on the level of the US Undersecretary of State and EU Commission Director-General

*The NTA Task Force* works as a supporting body for preparation of the agenda for the SLG

Figure 1 offers a complex overview of the described bodies in a wider context, where the most important unit of economic relations is represented by the Transatlantic Economic Council (TEC). Political bodies are driven by meetings at the highest level (EU-US summits) and then at lower levels represented by meetings of ministerials, working groups, etc. As is evident, a very important role is played by “people to people” platforms, which are led by dialogues in several areas.

**Table 1: Classification of Transatlantic Institutions**



Source: Peterson John, Steffenson Rebecca (2009) 'Transatlantic Institutions: Can Partnership be Engineered', The British Journal of Politics and International Relations, 11, 1: 29

Key: PDBTS = Policy Dialogue on Border and Transport Security; EC = European Commission; FCC = Federal Communications Commission; OSHA = Occupational Safety and Health Administration; OMB = Office of Management and Budget; SEC = Securities and Exchange Commission; PTO = Patent and Trademark Office; FDA = Food and Drug Administration; EMEA = European Medicines Agency; TEP = Transatlantic Economic Partnership

The creation of the TEC counts among the final attempts of deepening EU-US cooperation. This body was established in 2007 by adoption of the Framework for Advancing Transatlantic Economic Integration between the United States of America and the European Union. The TEC is presented as a “political body to oversee and accelerate government-to-government cooperation with the aim of advancing economic integration between the European Union and the United States of America.” (EC 2005b: 15)

The goals and tasks of the TEC are defined in several areas; in general, its main objectives are to:

- Achieve greater coherence for EU and US regulation, to improve conditions for business and tackle (potential) non-tariff barriers to trade and investment.
- Discuss strategic and economic issues in relation to third countries. The ultimate aim is to create an integrated transatlantic marketplace. (EC 2005b: 15)

## 2 Activity and Coherence of the Transatlantic Formal Bodies — Is Reform a Challenge?

A wide institutional framework of transatlantic relations is in recent years intertwined with a question of efficiency of such bodies. On the one hand transatlantic cooperation tries to deal with crucial problems mainly in the area of trade, on the other from several approaches it is evident that hybrid institutions have difficulties reacting to these issues in transatlantic space. Peterson and Steffenson, among others, see reasons in missing the binding of agreements. The consequence is that “the capacities of NTA’s institutions are, by structural design, determined by the political will of elites on both sides to reconcile (what are often) divergent policy preferences and values.” (Peterson, Steffenson 2009: 34) Nevertheless, this is only the tip of the iceberg. During the period of activity of the transatlantic institutions under the NTA various analyses have appeared which criticize the real impact of transatlantic institutions on the relations of the US and the EU. Critical points of view came from several sides.

The EC (2001) identified, after a 6-yearlong creation of the institutional framework, obstacles, which occurred during negotiations:

- the limits placed on the US executive branch by the essentially domestically-driven legislative process of the US Congress,
- the institutional limitations placed on the EU by the Treaties and the structural constraints of the EU’s decision-making process,
- different levels of willingness to make economic sacrifices in order to advance global environmental standards,
- different levels of consumer tolerance on issues such as the use of genetically modified organisms,
- the constitutional inability of US Federal Administration to commit regulatory agencies and federal states in its dealings with the EU, and
- difficulties both sides face in ensuring the prompt and full implementation of WTO rulings. (EC 2001: 9,10)

In 2005 the European Commission introduced a study “Review of the Framework for Relations between the European Union and the United States,” which deals with successes achieved in the 10-yearlong cooperation under NTA. This survey concludes that “there is clear evidence to suggest that goals have been met on around 45 % of all issues discussed. There has been measurable progress if not total success on an additional 33 % of all issues.” (EC 2005a: 17–18) The issues are hidden not only in the inefficient function of channels of cooperation. A crucial problem seems to be “low political profile of the EU/US dialogue in the United States particularly, and widespread ignorance of the European Union and its purpose.” (EC 2005a: 79) This is intertwined with problems of the role of the EU in a global context. Even though the EU deals with homogeneity in it, steps to set up a unified voice of the community have been taken. A solution could be brought by the Lisbon Treaty and by orientation on more unified action.

The TEC has brought a lot of expectations in last evolution of the transatlantic relations. As the leading body in economic issues the TEC could, with greater engagement and wider stimulations, move several issues forward and then ensure “recovery” of stagnant complicated areas of disputes and thereby restart EU-US economic integration. The Report on Progress achieved on the global Europe strategy 2006–2010 commented: “although the TEC was for a long time bogged down in its — largely unsuccessful — attempts to set up a transatlantic dispute settlement body, it should become a powerful mechanism to enhance EU-US economic cooperation.” (EC 2005b: 15)

The activity of the TEC started in a very promising way. In 2007, agreements on accounting standards and aviation were adopted, but later no relevant and significant results were reached. This could be justified by the financial crisis, which strongly attacked both entities, and therefore, questions of further economical integration are not a priority these days.

The TEC’s most distant goal of is to seek a way to create conditions for establishment of the Transatlantic Marketplace. Currently, this seems to be unreachable due to several crucial issues — starting with tariffs and trade (even if their position attacked about 2 % of all trade) ending in questions such as agreement impact or with questions of what could the potential marketplace bring also in connection with trade agreements that are already adopted between other trade partners of the EU and the US.

The function of TEC is seen from two diverse views. On one hand the TEC “could be seen as breathing new life into regulatory policy cooperation,” and had tried to negotiate plenty of issues and stimulate their debate. Probably the greatest progress was made in customs policy (in attempts to reinforce the protection of intellectual rights) and negotiations towards an Anti-Counterfeiting Trade Agreement. (Peterson, Steffenson 2009: 36)

On the other it “also illustrates the limits to institutional engineering.” This is a consequence of issues that basically cannot be solved within the TEC and other transatlantic institutions — for instance disputes over poultry, cosmetics or container security shipping. The problem remains in the national legislature of the US and the EU. (Peterson, Steffenson 2009: 36)

Howorth (2009: 12) argues that the TEC should focus on three main areas. First of all, the TEC has to seek a way to reach an agreement for a transatlantic marketplace. Its next crucial role is in cooperation of the EU and the US on global forums, such as the WTO, G20. A current challenge is undoubtedly the global financial crisis.

But not only the TEC has been attacked by critics. The EU-US Summit organized by the Spanish Presidency opened a question of the real function of this forum when President Obama did not attend of this meeting. The American president justified this decision with numerous other visits during the year and considered the Summit urgent. This meeting planned in Madrid in spring has been cancelled and rescheduled to fall of the year.

The doubts mentioned, identified potential, an unreachable transatlantic marketplace are evoking the question of whether something has to be done to set an efficient environment for healthy relations in the transatlantic space.

Peterson and Steffenson (2009: 28) offer comprehensive proposals in analysis of potential changes in the architecture of transatlantic relations. Authors blame the status quo in EU-US relations and point out that this is responsible for bureaucratic action and heavy clumsiness. On the other hand, changes can cause uncertainty and problems to find an appropriate agreement. This could take some time and the result should not bring better conditions for efficient negotiations. There is also fear of the possible increasing role of institutionalisation in transatlantic relations from a global context, where a new agreement may bring in a sense of privileged G-2.<sup>1</sup>

From a different point of view drawing up of a new treaty could set up a clearer framework and more legitimacy. Authors see an option in reform of the existing bodies, which is probably most realistic way in further evolution of transatlantic relations.

Undoubtedly, in the analysed approaches it is evident that current developments after years of acting of structures in transatlantic space offer various proposals and remark potential where institutions in the EU-US relation can work better and more efficient.



## Conclusion

The relations between the EU and the US are based on regular bodies that have been created by adoption of several official agreements. In the transatlantic partnership a huge potential is hidden, which is underlined by the economical size and impact of both entities on global development. However, this potential contains issues such as barriers to trade, investment and issues of further economical integration. To deal with these problems, regular formal bodies have been created to stimulate the relations and show an effort to seek solutions. A great deal in these matters has been accomplished. Latest development shows much more of an attempt than particular results. This also confirms the last establishment of the TEC. To find a way to reach an agreement on a transatlantic marketplace remains probably only a wish, but still a possible scenario.

A solution could be found in stronger and a more objective focus on the future. Efficiency of the institutions can come only with binding agreements and setting up goals that are reachable. "Transatlantic relations are determined primary by events and currents at the level of high politics that easily overwhelm or marginalize ongoing efforts at policy co-operation." (Peterson, Steffenson 2009: 40) This in certain measure confirms that EU-US relations are connected with a perfectionism that brings more expectations than real impact on policies. The Transatlantic institution could gain more competencies to reach benefits and more evident results.

## Note

- <sup>1</sup> G-2 is term developed for definition of cooperation between the US and the EU. This relations are often mention in context of reaction of both large powers on global development.

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