

2007 EU-U.S. Summit Economic Progress Report

Introduction

At the 2006 EU-U.S. Summit in Vienna, we committed to redouble our efforts to promote economic growth and innovation and reduce the barriers to transatlantic trade and investment by implementing all aspects of the 2005 Initiative to Enhance Transatlantic Economic Integration and Growth (2005 Economic Initiative). We endorsed the new Action Strategy for the Enforcement of Intellectual Property Rights, and agreed to build on progress of the High Level Regulatory Cooperation Forum and expand implementation of our Roadmap for EU-U.S. Regulatory Cooperation and Transparency. We pledged to intensify efforts to conclude a first stage Air Transport Agreement.

We agreed to reinforce our strategic energy cooperation to support diversification of energy sources and supplies, secure our energy infrastructure, promote market-based energy security policies, speed development of new lower-pollution and lower-carbon technologies, and accelerate investment in cleaner, more efficient use of fossil sources and renewable sources. We agreed to conduct an annual strategic review of EU-U.S. energy cooperation. We also agreed to establish a EU-U.S. High Level Dialogue on Climate Change, Clean Energy and Sustainable Development to build on existing initiatives in the areas of climate change, biodiversity loss and air pollution and to advance implementation of the G8 Gleneagles Plan of Action for Climate Change, Clean Energy and Sustainable Development.

We welcomed progress in these areas and discussed ways to intensify our efforts on intellectual property rights, innovation and removal of regulatory barriers to trade and investment at the second informal EU-U.S. Economic Ministerial in November 2006 in Washington.

This report notes areas of progress made over the past year to implement our multi-annual, broad economic program under the Economic Initiative, per our agreements on energy and climate and in other areas of transatlantic cooperation.

Key Accomplishments

After four years of negotiations, on March 2 we concluded a comprehensive, first-stage [**Air Transport Agreement**](#), which will create benefits for carriers, airports, workers, consumers, communities and economies on both sides of the Atlantic.

We have made significant progress on the implementation of the Roadmap for Regulatory Cooperation, including advancing the OMB-European Commission Dialogue on good regulatory practices, namely work on impact assessment, and advancing cooperation on pharmaceuticals, medical devices, automotive safety and consumer product safety.

We led negotiations on a substantial revision of the text of the WTO Agreement on Government Procurement (GPA), which was provisionally approved by the WTO Government Procurement Committee on December 8, 2006.

We also made major strides in strengthening our energy and climate cooperation, holding the first High Level Dialogue on Climate Change, Clean Energy and Sustainable Development (HLD), launching working groups on biofuels and energy efficiency, finalizing renewal of the EU-U.S. ENERGY STAR agreement, and holding the first annual review of our strategic energy cooperation, which examined shared geopolitical energy security goals, energy technology cooperation, and the potential for new work on biofuels, energy efficiency, carbon capture and storage, promotion of supply diversification, and cooperation to increase energy security in third countries.

Regulatory Cooperation

Since the June 2006 Summit, we have focused cooperation primarily on intensifying work on a broad range of sector-specific activities identified in the 2005 [Roadmap for Regulatory Cooperation and Transparency](#) and deepening the dialogue on good regulatory practices between the U.S. Office of Management and Budget (OMB) and the European Commission. Implementation of the **Regulatory Cooperation Roadmap** resulted in significant progress in a number of key areas. On **pharmaceuticals**, the U.S. Food and Drug Administration and the European Commission together with the European Medicines Agency intensified cooperation on vaccines, pharmacovigilance and counterfeit medications and both sides agreed to pursue a confidentiality arrangement to permit the sharing of regulatory information on **medical devices and cosmetics**. The U.S. National Highway Traffic Administration and the European Commission initiated a dialogue to streamline the adoption of global regulations, and agreed to promote a global regulation on electronic stability control systems, to increase **auto safety**. The U.S. Coast Guard and the European Commission agreed to a two-way alert system on unsafe **marine equipment** and to expand the product scope of the Mutual Recognition Agreement. The U.S. Consumer Product Safety Commission and the European Commission established a program for sharing information on recalls of unsafe **consumer products**.

The High Level Regulatory Cooperation Forum, launched in 2006, developed a set of [Best Cooperative Practices](#) to guide regulators in the conduct of more effective collaboration. The OMB-European Commission Dialogue advanced its discussions among experts, including completion of a joint comparison of our respective **impact assessment guidelines** ([OMB report, Appendix D](#)). A more detailed report on specific progress on regulatory cooperation can be found online after the Summit.

Financial Markets

Given the consolidation underway globally and transatlantically in financial markets, it is important to take steps where appropriate towards the convergence of regulatory standards around high quality principles. In this regard, work has continued to progress in various areas including: accounting and auditing, banking, insurance and securities.

Since the EU-U.S. 2006 Economic Summit, both sides have continued to make significant progress under the EU-U.S. Financial Markets Regulatory Dialogue, begun in 2002, and in bilateral discussions between regulators. Positive developments included: the SEC's adoption of a new deregistration standard which provides significantly greater flexibility to EU and other non-U.S. companies to exit U.S. markets; constructive discussions of further steps toward implementation of Basel II on international capital adequacy standards, and proposals being considered by the National Association of Insurance Commissioners to revise reinsurance collateral requirements.

In addition, the EU Internal Market and Services Commissioner and the Chairman of the U.S. Public Company Accounting Oversight Board (PCAOB) agreed to work on furthering cooperation in auditor oversight. The goal is to move toward full reliance on each others' oversight systems by 2009.

The SEC is in the midst of implementing a "roadmap" on the acceptance of IFRS without need for reconciliation to U.S. Generally Accepted Accounting Standards (GAAP) in the United States. Similarly, the EU will make a final decision on the acceptance of U.S. GAAP in EU markets by the end of 2008. The SEC hosted a roundtable on its "roadmap" in Washington to solicit the views of U.S. market participants on the acceptance of IFRS in U.S. markets in March 2007 at which Chairman Cox and Commissioner Charlie McCreevy gave opening remarks in support of further sustained progress in this area, and affirmed the goal of acceptance of IFRS and U.S. GAAP in both markets no later than 2009. The SEC is completing its review of the first set of filings by EU issuers using IFRS, and the EU is in a similar position with regard to the first full set of published financial statements using IFRS. A second review round of financial statements using IFRS will commence with filings due for submission to the SEC in the summer of 2007.

In January 2007, the SEC and the College of Euronext regulators signed a memorandum of understanding on cross-border stock exchange mergers. The MOU creates a structure for discussions on enhanced cooperation, particularly in light of NYSE/Euronext merger.

Energy Security and Climate Change

At the EU-U.S. Summit in June 2006, we agreed to reinforce our **strategic energy cooperation** to support diversification of energy sources and supplies, promote market-based energy security policies, secure our energy infrastructure, speed development of new lower-pollution and lower-carbon technologies, and accelerate investment in cleaner, more efficient use of fossil sources and renewable sources. To monitor and guide this process, we agreed to conduct an **annual strategic review** of EU-U.S. energy cooperation. The European Union and the United States also agreed at the Summit to establish a **High-Level Dialogue on Climate Change, Clean Energy and Sustainable Development (HLD)** to focus on the nexus between climate, energy, and environmental cooperation.

The European Union and the United States held the first [HLD in Helsinki](#) October 24-25, and strategic energy cooperation meetings in Washington October 26-27, to act upon our Summit commitments and further advance the 2005 G8 Gleneagles Plan of Action for Climate Change, Clean Energy and Sustainable Development. At the HLD the two sides committed to further cooperative work on promoting commercial deployment of clean coal and other technologies, promoting energy efficiency in transportation and buildings and appliances, supporting research and development of second generation biofuels, and developing a roadmap towards compatible biofuel specifications.

At the October 26-27 strategic energy cooperation meeting, participants produced workplans on biofuels and energy efficiency, agreed to explore cooperation on clean coal and carbon sequestration, and discussed collaboration to strengthen energy security policies in third countries such as China, India, and Ukraine. Both sides began to implement the biofuels and energy efficiency workplans and carry out specific activities regarding third countries.

Among specific undertakings, we jointly finalized renewal of the EU/U.S. ENERGY STAR agreement (December 28, 2006), reviewed our respective biofuels R&D agendas and examined opportunities for collaboration under the EU-U.S. Science and Technology Agreement (February 9, 2007), discussed progress during the Washington visit of the Head of private office of the European Commissioner for Energy (February 9), cosponsored with the International Energy Agency (IEA) a major conference on gas transit issues in Southeastern Europe and the Caucasus (February 14), held a second biofuels working group meeting (February 26), participated together with industry and NGOs in a joint EU-CEN conference on international biofuels standards (February 26-28), and began to exchange information on efficient buildings.

In the framework of the visit of the European Commissioner for Energy to the United States, we held the first strategic energy cooperation annual review on March 26 at which we discussed progress on our biofuels and energy efficiency cooperation, examined ways to intensify our work on clean coal and carbon capture and storage, energy security and diversification of energy supplies, and reviewed possibilities to work together to strengthen key third country energy security policies, particularly in Ukraine, the Caspian and Central Asia.

In addition, EU and U.S. climate experts met March 27 to work together on an implementation plan to continue to guide follow-through on the Helsinki HLD outcomes in the future and to begin to explore the broader principles that shape our cooperation on climate and clean energy.

Intellectual Property Rights

The 2006 Summit endorsed the **Action Strategy for the Enforcement of Intellectual Property Rights**. In following up, the IPR Working Group has worked on a number of enforcement initiatives, most notably on customs cooperation, providing technical assistance to third countries, and addressing concerns in key countries, such as China and Russia, through closer policy coordination and information exchanges. The EU and U.S. diplomatic missions in Beijing and Moscow have intensified their cooperation on IPR and have encouraged implementation of effective measures to protect and enforce intellectual property rights. The European Union and the United States have also worked closely with IP right-holders to improve public-private cooperation on enforcement education, public awareness and business practices. In February 2007, the Working Group agreed to give greater attention to IPR problems in transshipment areas of Latin America, the Middle East, and Southeast Asia. In working on joint border enforcement initiatives, EU and U.S. customs officials have shared best practices and agreed to share enforcement information. The two sides have agreed to explore ways to use technology to increase the efficiency of information-sharing; details following the Summit will be at stopfakes.gov.

The European Union and the United States agreed to strengthen cooperation on achieving harmonization in the patent area. In particular it was decided to work towards more streamlined patent systems through substantive patent law harmonisation. Both the EU and the US should intensify their bilateral contacts to facilitate the success of the “*Alexandria process*”.

Innovation Initiative

At the 2006 Summit, the European Union and the United States agreed to further our cooperation on innovation and the impact of innovation on our economies. Over the past year the two sides have:

- concluded a workshop on metrics to better measure the impact of innovation on our economies;
- included two European Commission experts in the review of U.S. e-accessibility standards and guidelines for public procurement, and agreed that U.S. government experts will participate in the execution of the European Commission’s mandate to the European Standardization Organizations on European accessibility requirements for public procurement of products and services in the ICT domain
- hosted an EU delegation of innovation experts to study innovation policy in three states in the United States;
- held a full-day workshop on innovation policy in the United States, hosted by the Department of Commerce;

Services

After four years of negotiation, the European Union and the United States concluded a comprehensive, first-stage Air Transport agreement. The agreement significantly expands the potential for transatlantic travel and cargo, allowing EU and U.S. airlines to fly between any point in the EU and any point in the United States, with no restrictions on the number of flights, aircraft, routes, or pricing. It will create a new template for international aviation, removing decades-old restrictions on a sector integral to global commerce. This pro-growth, pro-competition, pro-consumer accord is a major breakthrough in transatlantic economic relations and a harbinger of what the European Union and the United States can accomplish working together to achieve market liberalization on an unprecedented scale.

European and American architectural professional organizations submitted to EU and US competent authorities a joint recommendation for a Mutual Recognition Agreement for Architects. The European Commission and the U.S., in cooperation with relevant regulators and professional associations, have begun to consider options to promote progress towards a mutual recognition arrangement in the field of architectural services in accordance with each side's legal systems.

Investment

At the 2006 Summit, the European Union and the United States recognized the importance of maintaining open investment regimes that can create new economic opportunities and build prosperity. Our interests in an open investment climate were reaffirmed at the EU-U.S. Economic Ministerial in December 2006, and both sides agreed to have discussions on topics of mutual interests to address any remaining significant obstacles to investment flows between us.

Procurement

The European Union and the United States successfully led negotiations on a major revision of the text of the WTO Agreement on Government Procurement (GPA), which the GPA Committee provisionally approved on December 8, 2006. The European Union and the United States will continue to work together to complete market access negotiations and reach final agreement on the revision to the GPA. We will cooperate to expand membership in the Agreement, in particular to expedite China's accession to the GPA.