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Delegations will find attached the partially declassified version of the above-mentioned document.



ANNEX

**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 18 July 2008

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EXT 1 (09.10.2008)**

USA 32

NOTE

From : General Secretariat
To : Delegations
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Subject : Transatlantic Relations
– Ongoing Issues with the USA

Delegations will find attached, for information, an overview paper on "Ongoing Issues with the USA". The paper takes a forward look at the key issues in US/EU relations that may arise over the coming period. It has been prepared jointly by the Commission services and the General Secretariat of the Council.

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REGIONAL ISSUES

1. Western Balkans

Kosovo will constitute the main challenge for the coming months and will continue to require optimal EU/US co-ordination. The EU and US are in basic agreement on broad policy direction, including the need to strengthen Kosovo's governing capacities, ensure the cohesion of the international community presence in Kosovo, and support the reconciliation of Kosovo's Serb and Albanian communities.

NOT DECLASSIFIED

2. Russia and the New Neighbourhood

NOT DECLASSIFIED

(1) Russia

NOT DECLASSIFIED

We agree on the need to engage with Russia on energy issues and to press for greater economic opening and diversification. **NOT DECLASSIFIED**. The EU also provides the lion's share (around 80 per cent) of foreign direct investment in Russia. **NOT DECLASSIFIED**

There are numerous formal and informal EU-US contacts and consultations in order to coordinate EU-US positions, **NOT DECLASSIFIED**. A question that has been awaiting resolution for some time is the accession of Russia to the WTO.

(2) Ukraine

Both the EU and US see Ukraine as a key actor in the region and agree on the need to continue working closely together so as to support further democratisation and the political stability needed for domestic reforms. **NOT DECLASSIFIED**

(3) Belarus

NOT DECLASSIFIED. Both want to see democratisation in Belarus and in the short-term, the release of all political prisoners. **NOT DECLASSIFIED**

(4) South Caucasus

The messages from the EU and US have been very similar regarding the current situation in the Georgian breakaway regions and regarding the recent Russian decisions in the direction of deepening its direct relations with South Ossetia and Abkhazia. **NOT DECLASSIFIED**

(5) Central Asia

The EU and US have largely concurrent views concerning the need for greater democratisation and further advancement of human rights in the region. **NOT DECLASSIFIED**

3. OSCE

Regarding the OSCE, the EU and US have mostly concurring views, notably on strong support to ODIHR and its role in election monitoring, and on the settlement of frozen conflicts where the OSCE is involved in the settlement process (Transnistria, Nagorno Karabakh). Both the EU and US support a continued OSCE presence in Kosovo.

NOT DECLASSIFIED

NOT DECLASSIFIED. Now that the Kazakh Chairmanship of the OSCE in 2010 is agreed, the EU and US agree to further encourage Kazakhstan to step up the pace of democratic reforms.

4. Middle East Peace Process

Regular contacts with the US continue to take place at all levels in the context of the political dialogue, in the framework of the Quartet, on the ground as well as in the G8. EU-US cooperation should concentrate on the following:

- Providing strong support to the parties' efforts to conclude final status negotiations by 2008 **NOT DECLASSIFIED**;
- Strengthen Palestinian Authority **NOT DECLASSIFIED**;
- Work urgently towards improving conditions on the ground:
 - West Bank: **NOT DECLASSIFIED**;
 - Gaza: building **NOT DECLASSIFIED**.

5. Syria and Lebanon

(1) Syria

NOT DECLASSIFIED

In recent years, Syria has had to cope with the influx of over 1.4 million Iraqi refugees. **NOT DECLASSIFIED**. Syria also currently holds the Presidency of the League of Arab States.

Syrian involvement in Lebanon remains a concern, although this has changed somewhat in recent times. **NOT DECLASSIFIED**. The EU continues to press Syria on: establishment of full diplomatic relations with Lebanon, securing the border with Lebanon, delineation and demarcation of the bilateral border, **NOT DECLASSIFIED**, clarification of the fate of Lebanese prisoners **NOT DECLASSIFIED**

(2) Lebanon

The EU and the US positions on Lebanon are close, both have welcomed the election of the new President and the Doha agreement. **NOT DECLASSIFIED**

6. Iraq

The EU and the US share the goals of working towards a secure, stable, democratic, prosperous and unified Iraq and support the independence, sovereignty, unity and territorial integrity of Iraq, as stated by the relevant UN Security Council resolutions. **NOT DECLASSIFIED**

NOT DECLASSIFIED

7. Iran

The EU and the US continue to hold close consultations at all levels on Iran, where both sides have similar basic interests and objectives. The focus is on the nuclear issue.

NOT DECLASSIFIED

EU-US consultations also concern areas such as Iran's regional role, human rights, support for civil society and public diplomacy. Both sides share similar concerns and objectives in relation to Iran,

NOT DECLASSIFIED

NOT DECLASSIFIED

9. Afghanistan

Afghanistan will hold Presidential elections in 2009. **NOT DECLASSIFIED**

EU activity on the ground continues to be largely centred on EUPOL Afghanistan. Council conclusions of 26 May envisaged a doubling of its strength from c 200 to approximately 400 personnel. **NOT DECLASSIFIED**

NOT DECLASSIFIED

NOT DECLASSIFIED. The EU collectively has also contributed assistance some €6 billion for development and reconstruction in Afghanistan between 2002 and 2010, which is often overlooked.

However, both sides regarded the Paris Conference of 12 June 2008 as a success, with the EU side emphasising in particular that the Afghan government should leave the conference not only with pledges of assistance, but with a heightened sense of its own responsibilities vis-à-vis the Afghan population, not least in the fight against corruption.

The EU and US should continue to work together to promote better relations between Afghanistan and regional partners, notably Pakistan.

10. Pakistan

NOT DECLASSIFIED

NOT DECLASSIFIED. The EU provides indirect support through development cooperation (e.g. vocational training).

The EU remains constructively engaged with Pakistan. It concluded a new EC-Pakistan 3rd generation Cooperation Agreement in 2004. A Joint Declaration was issued on the occasion of a Ministerial Troika with Pakistan in Berlin on 8 February 2007 which undertook to develop a broad, formalised political dialogue, including regular ministerial dialogue to be supported by expert level meetings in a number of areas, i.e. interfaith dialogue, counter-terrorism, counter-narcotics, non-proliferation and human rights and good governance.

11. India

NOT DECLASSIFIED

NOT DECLASSIFIED, the central issue for EU-US co-ordination with regard to India is the US-India Civilian Nuclear Co-operation Agreement. **NOT DECLASSIFIED**

12. Burma/Myanmar

The EU has pursued an active, balanced course of action on Burma/Myanmar, combining diplomatic pressure with Asian partners and in multilateral fora, calibrated public messages and sanctions with substantial amounts of assistance for the Burmese population. The EU applies a comprehensive sanctions regime based on its Common Position which includes targeted visa restrictions and asset freezes, ban of import of key products from Burma and of investment in these sectors

NOT DECLASSIFIED

The EU is the biggest humanitarian and MDG-related donor to Myanmar, and is active in post-cyclone emergency assistance. **NOT DECLASSIFIED**

13. China

Both EU and US share the goal of encouraging China to be a responsible stakeholder in the International Community. This involves integrating China into the global system across a range of policy areas, including foreign policy, trade, monetary policy, energy security, climate change, environmental responsibility and security policy. **NOT DECLASSIFIED**

NOT DECLASSIFIED

The EU and US both see the need for close consultation about Taiwan, in particular on the question of its status in international fora such as WHO or ICAO. **NOT DECLASSIFIED** the European Union supports Taiwan's "meaningful participation" in WHO activities **NOT DECLASSIFIED**

NOT DECLASSIFIED

EU and US Human rights dialogues with China are tackled under point 27 (3).

14. North Korea (DPRK)

Both the EU and US support the Six-Party Talks (6PT) for the denuclearisation of the Korean peninsula, **NOT DECLASSIFIED**

NOT DECLASSIFIED

15. Latin America

There are good contacts with the US administration on Latin American issues. **NOT DECLASSIFIED**, some convergent approaches between the EU and the US are to be seen in trade agreements. **NOT DECLASSIFIED** EU approach is a more regional one, and not limited to free-trade agreements.

(1) EU-LAC Summit/ Summit of the Americas

EU and LAC Heads of State and Government gathered for the Fifth European Union-Latin America/ Caribbean (LAC) Summit in Lima (Peru, 16-17.05.2008). It focused on two themes:

- Poverty, inequality and the need for inclusion in society;
- Sustainable development: climate change; environment;

NOT DECLASSIFIED

The EU has maintained a policy of constructive engagement with Venezuelan representatives. Several EU declarations have been issued (on the non-renewal of Radio Caracas Television's - RCTV - frequency, and on the constitutional referendum). The Commission focuses its co-operation with Venezuela (€40m earmarked for 2007-2013) on modernisation and decentralisation of the State and diversification of its economy. The EC is also working actively with NGOs including in the field of human rights and support to civil society in Venezuela.

NOT DECLASSIFIED

(2) Cuba

Constructive engagement, based on the Common Position of 1996, remains the basis of EU policy towards Cuba. On 23 June 2008 the Council of Ministers adopted conclusions on Cuba, formally lifting the diplomatic measures adopted in 2003, but suspended since 2005. At the same time the Council called upon the Cuban Government to improve the human rights situation (release of political prisoners, admission of visits of humanitarian organisations into Cuban prisons and ratification of the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights).

NOT DECLASSIFIED

As in previous years, on 30 October 2007 the EU voted in favour of the Resolution against the USA Embargo proposed by Cuba at UNGA, accompanying the vote with a Presidency Declaration underlining the reasons for the vote (extraterritoriality of the embargo affecting EU enterprises) while deploring the human rights situation in Cuba. **NOT DECLASSIFIED**

16. Africa

EU and US views broadly converge on many Africa issues and crisis management situations. Both sides emphasise the partnership approach and the need to respect African ownership in finding solutions for African problems, and look forward to strengthened leadership and capacities from the African Union. EU relations with the AU are based on a long-term commitment, **NOT DECLASSIFIED**

(1) EU-US cooperation in certain crisis areas in Africa

Sudan - Increased support for the implementation of the Comprehensive Peace Agreement (CPA) remains the focus of future EU-US cooperation. **NOT DECLASSIFIED**. On the EU side, the EUSR will continue to contribute to the overall efforts for stabilisation and democratic transformation of Sudan, including in close consultation with the US Envoy and other actors on the ground.

Chad - **NOT DECLASSIFIED**. Internally, the EU is engaged in monitoring the implementation of the 13 August 2007 Agreement with the political opposition, including preparations for the 2009 legislative elections. The Sirte Agreement of October 2007 between government and rebel groups has not been followed up. **NOT DECLASSIFIED**

NOT DECLASSIFIED

The Great Lakes Region (including the DRC) - The EU and US support the ongoing Nairobi and Goma peace processes for the stabilisation of Eastern DRC. **NOT DECLASSIFIED**. The EU is engaged through two ESDP missions in the field of which the police component has been extended and amended.

NOT DECLASSIFIED

NOT DECLASSIFIED

Somalia - An insurgency with a mix of nationalist and extremist elements is ongoing in Somalia. Both the US and the EU support the Transitional Federal Institutions (TFI) of Somalia, established in 2004. Both parties have also expressed strong support for the Djibouti Agreement of 9 June 2008 between the Transitional Federal Government (TFG) and the Alliance for the Reliberation of Somalia (ARS). The US and the EU also support increasing UN engagement in Somalia, as outlined in UN Security Council resolution 1814. **NOT DECLASSIFIED**

Ethiopia-Eritrea - Efforts towards the resolution of the border dispute between Ethiopia and Eritrea take place mainly within the UN framework. **DELETED**

Zimbabwe - There is broad agreement between the EU and US that the situation in Zimbabwe represents a threat to regional stability. Both sides are considering the necessary next steps to resolve this crisis.

(2) African Peace Support Operations

The EU and the US recognise the AU as the main political interlocutor in dealing with Africa as a whole. Both sides are collaborating to support the African Union action plan to enhance capacity for peace support operations, and in supporting African efforts to establish an African Peace and Security Architecture, including an African Stand-by Force and Early Warning System. **NOT DECLASSIFIED**

NOT DECLASSIFIED

SECURITY ISSUES

17. Non-proliferation, arms control and disarmament

The EU and the US have both identified the fight against proliferation of Weapons of Mass Destruction (WMD) as a high priority. **NOT DECLASSIFIED** the EU pursues its policy of effective multilateralism, **NOT DECLASSIFIED**

NOT DECLASSIFIED

NOT DECLASSIFIED

18. Crisis management and conflict prevention

Following the 2007 Summit Declaration, the EU-US Technical Dialogue and Increased Cooperation in Crisis Management and Conflict Prevention (work plan) on crisis management cooperation agreed in 2008 stressed the need for a comprehensive approach. Further to this, both sides are now working towards implementation of work plan commitments. **NOT DECLASSIFIED**

19. Secure trade

(1) 100 per cent scanning

On 3 August 2007 the US President signed the “Implementing Recommendations of the 9/11 Commission Act of 2007”, mandating 100 per cent scanning of maritime cargo. **NOT DECLASSIFIED**

NOT DECLASSIFIED

The EU believes that priority should instead be given to strengthening the current multi-layered, risk-based system for targeting and inspecting cargo. **NOT DECLASSIFIED**

(2) Mutual recognition of trade partnership programmes

NOT DECLASSIFIED. The US and EU are working towards mutual recognition of those economic operators which are authorised as secure operators and to provide equivalent benefits to each other's mutually recognised operators. At the meeting of the Transatlantic Economic Council (TEC) in November 2007, the US and the European Commission agreed on a joint roadmap setting out the key stages. On 6 March 2008 the Joint Customs Cooperation Committee (JCCC) endorsed the final version of the Roadmap towards Mutual Recognition of Trade-Partnership Programmes. The signature of the mutual recognition agreement is foreseen for the first half of 2009.

20. EU-US High Level Contact Group on data protection

NOT DECLASSIFIED. It recommended a binding international agreement as the best means to apply the principles. Such an agreement would establish the fundamentals for effective personal data protection for use in any future EU-US agreement relating to the exchange of specific law enforcement information. This recommendation was welcomed by the June 2008 EU-US Summit.

21. Visas

Twelve EU Member States are still not included in US Visa Waiver Programme (VWP). The Commission has been addressing the issue in light of the *acquis* on visa reciprocity, and issued its 3rd reciprocity report on 13 September 2007. The US has adopted a law on the modernization of the VWP in August 2007 **NOT DECLASSIFIED**

NOT DECLASSIFIED

NOT DECLASSIFIED, the Council adopted on 18 April 2008 a mandate for the Commission to negotiate an agreement between the European Community and the US regarding certain conditions for access to the U.S. VWP. **NOT DECLASSIFIED**

NOT DECLASSIFIED

As regards bilateral arrangements, seven Member States have signed a Memorandum of Understanding with the US between February and June 2008. In addition, one Member State signed an interim declaration outlining the security requirements of the VWP with the US in June 2008.

The fourth Commission Visa Reciprocity Report is foreseen for end July 2008.

22. Energy and energy security

The EU-US exchange on energy policies takes place in the framework of the EU-US Strategic Energy Co-operation launched at the 2006 EU-US Summit. At the EU-US April 2007 Summit, a separate statement on energy, energy efficiency and climate change was issued. It is the most ambitious Summit Declaration to date in the field of energy cooperation with a third country. It laid out a detailed programme for cooperation, which includes:

- developing compatible bio-fuels standards,
- intensifying regulatory co-operation on Clean Coal and Carbon Dioxide Capture and Storage (CCS) technologies,
- closer coordination of research activities, ensuring appropriate implementation of the energy efficiency initiatives, and
- continued regular exchanges on questions of global energy security.

The 2008 EU-US Summit agreed to continue these efforts via the annual Strategic Energy Review.

NOT DECLASSIFIED

The development of the Caspian Sea-Black Sea-EU energy corridor is a high priority for the Commission with a view to enhancing the security of the EU's energy supplies. **NOT**

DECLASSIFIED

NOT DECLASSIFIED

NOT DECLASSIFIED

GLOBAL ISSUES

23. European Community and European Union status in international organisations

NOT DECLASSIFIED

The question of EC status is an important matter for the EU as a whole. **NOT DECLASSIFIED**

24. United Nations

NOT DECLASSIFIED

NOT DECLASSIFIED

25. International Criminal Court (ICC)

NOT DECLASSIFIED

26. International law and terrorism

NOT DECLASSIFIED

NOT DECLASSIFIED

27. Thematic Human Rights Issues

(1) Death Penalty

In accordance with the EU guidelines on the death penalty, the EU continues to pursue its policy against the death penalty in pursuit of a global moratorium and abolition. The EU welcomed recent legislation by the State of New Jersey to abolish the death penalty, the first US state to reject capital punishment in more than four decades. The US Supreme Court has recently determined the constitutionality of lethal injections, an issue that has been tackled in various US courts over the past year. The EU issued a Declaration (on 14 May 2008) regretting the resumption of executions in the USA after the first execution took place in the State of Georgia on 6 May breaking the 'de facto' moratorium in place during the US Supreme Court hearing in the Baze v. Reece case. **NOT**

DECLASSIFIED

The EU introduced, in the framework of a cross-regional alliance, a resolution against the death penalty at the 62nd UNGA which was adopted 104-54 with 29 abstentions on 18 December 2007. **NOT DECLASSIFIED** The EU plans to introduce a follow-up resolution against the death penalty at the forthcoming 63rd UNGA building on last year's success and on the basis of the cross-regional approach.

(2) Rights of Children

Whilst the US has signed the Convention on the Rights of the Child (CRC) it is the only signatory country together with Somalia which has not ratified the instrument **NOT DECLASSIFIED**

NOT DECLASSIFIED

(3) Human Rights Dialogues

NOT DECLASSIFIED

28. Development Aid

(1) ODA

NOT DECLASSIFIED

(2) Millennium Development Goals (MDGs)

NOT DECLASSIFIED. On the basis of a recent Commission Communication, the Council adopted in May 2008 a comprehensive set of conclusions aiming at setting an EU common position in preparation of the upcoming Third High-Level Forum (HLF-3) on Aid Effectiveness (Accra, September 2008), the High-Level UN event on MDGs (New York, 25 September 2008) and the International Conference on Financing for Development (Doha, November 2008). On top of this, the European Council endorsed in June 2008 the EU Agenda for Action on MDGs, which identifies specific milestones and actions in the context of pro-poor growth development in key areas that will contribute to ensure the achievement of the MDGs by 2015.

NOT DECLASSIFIED

(3) Communicable diseases

With six million people dying from AIDS, tuberculosis (TB) and malaria every year, the three poverty-related diseases remain among the most potent threats to human security globally.

NOT DECLASSIFIED

NOT DECLASSIFIED The EC endorses the Doha Declaration on the TRIPs Agreement and Public Health **NOT DECLASSIFIED**

(4) Food Aid

NOT DECLASSIFIED

EU and US food aid commitments are governed by the 1999 Food Aid Convention (FAC). Both sides agree that a more effective instrument against hunger and malnutrition is required **NOT DECLASSIFIED**

29. Climate Change

NOT DECLASSIFIED three core elements of the EU's climate strategy:

- Leadership of developed countries in assuming commitments towards substantial absolute and binding emission reductions;
- Working towards achieving the peaking of global greenhouse gas emissions in 10 to 15 years;
- Aiming at a long-term target of no less 50 per cent CO₂ reductions over 1990 levels by the year 2050 **NOT DECLASSIFIED**

NOT DECLASSIFIED

The Commission participated in the US-sponsored Major Economies Meetings (MEM), bringing together some twenty major developed and developing countries, which jointly account for more than 80 per cent of global greenhouse gas emissions. **NOT DECLASSIFIED**

NOT DECLASSIFIED

(1) Security implications of Climate Change

In March, together with the European Commission, the High Representative presented a report on the security implications of climate change. **NOT DECLASSIFIED**

30. Aviation

(1) Inclusion of Aviation in the EU Emissions Trading system

On 26 June 2008, the European Parliament, the Council and the Commission reached an informal understanding on the framework for the inclusion of all internal and international flights to or from EU airports in the European Emissions Trading System (ETS) as of 2012.

NOT DECLASSIFIED

(2) EU-US Air Transport Agreement

On 5 June 2003, the Council gave the Commission a mandate to negotiate a comprehensive air services agreement with the United States. A first-stage EU-US Air Transport Agreement was signed on 30 April 2007. This agreement will be provisionally applied from 30 March 2008. A Joint Committee has been established to monitor the implementation and foster regulatory cooperation. **NOT DECLASSIFIED**. In accordance with the first-stage agreement, second-stage negotiations were launched in Brdo, Slovenia, on 15/16 May 2008, focusing on a further liberalization of traffic rights and additional foreign investment opportunities. **NOT DECLASSIFIED**

(3) Aviation safety

The EU-US Aviation Safety Agreement was signed in Brussels on 30 June 2008. **NOT DECLASSIFIED**. The Agreement enters into force one month after exchange of letters confirming completion of conclusion/ratification procedures.

ECONOMIC ISSUES

31. The Transatlantic Economic Council (TEC)

After its inception at the EU-US Summit in April 2007, the Transatlantic Economic Council (TEC) has met twice, most recently on 13 May 2008 in Brussels. On both occasions the two sides have demonstrated their resolve to achieve results on a number of long-standing unsolved issues which could bring immediate economic benefits. **NOT DECLASSIFIED**.

NOT DECLASSIFIED

32. WTO/Doha Development Agenda

NOT DECLASSIFIED

33. Trade disputes

At present, the European Community is actively involved in thirty four WTO disputes with fifteen of its trading partners. Dispute settlement activities against the US continue to represent the majority of Community's active disputes. In most of these disputes it is the Community which is the complaining party (7), being the defendant in five cases (GMOs, hormones, bananas, aircraft and Information Technology Agreement).

NOT DECLASSIFIED
