

# THE UNITED STATES AND THE EUROPEAN UNION: UNDERSTANDING THE PARTNERSHIP

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## HEARING BEFORE THE SUBCOMMITTEE ON EUROPE OF THE COMMITTEE ON INTERNATIONAL RELATIONS HOUSE OF REPRESENTATIVES ONE HUNDRED EIGHTH CONGRESS

FIRST SESSION

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## **THE UNITED STATES AND THE EUROPEAN UNION: UNDERSTANDING THE PARTNERSHIP**

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**TUESDAY, JULY 22, 2003**

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON EUROPE,  
COMMITTEE ON INTERNATIONAL RELATIONS,  
*Washington, DC.*

The Subcommittee met, pursuant to call, at 10:03 a.m. in Room 2172, Rayburn House Office Building, Hon. Doug Bereuter [Chairman of the Subcommittee] presiding.

Mr. BEREUTER. The Subcommittee will come to order. Today, the Europe Subcommittee will hold a hearing on the relationship between the United States and the European Union.

What started 53 years ago as a simple coal and steel production arrangement among six European nations recovering from World War II has today evolved into a powerful 15, and soon to be 25, political and economic union, which is also emerging as an influential player on the world stage.

The European Union already has a GDP which rivals that of the United States and a population which exceeds that of ours. It has a common currency among 12 of the current members which is on par with the U.S. dollar or more. The U.S.-EU partnership encompasses approximately 50 percent of the global economy and a \$1.4 trillion annual transatlantic trade and investment relationship. We will hear more about that at our next hearing on the European Union.

Europe has entered the new century more free, united, secure, and prosperous than it has ever been. Leadership on both sides of the Atlantic have contributed over the years to this success story. Clearly, however, the evolution of the Union has been an equally important key to these developments transforming the every day lives of Europeans and redefining the relationship between the individual states of Europe and Brussels. Up until now, the European Union was based on a series of treaties which represented binding commitments of member states, covering everything from trade to social policies.

But as we have recently witnessed, the Union has seriously moved beyond the treaty-based system and is, in the words of some, seeking a stronger legal personality through the completion of its constitutional convention and the introduction of a historic draft constitution for Europe. Debate on the constitution has already begun, but the more formal debate among leaders of the member states will begin this fall. I would doubt that the "founding fathers" of the Union, Mr. Monnet and Mr. Shuman, would ever

have imagined what has become of their simple idea, a revolutionary but simple idea.

Despite all that has happened and is happening in Europe, few Americans would seem to comprehend or appreciate the enormity of what has transpired on that continent. For many, the reality of the EU remains difficult to understand or deal with. For instance, Europeans have surrendered increasing elements of their national sovereignty to the European Union and have certainly accepted a higher level of regulation and standardization than currently would be acceptable to the American public, ever, or at least for the foreseeable future. In addition, navigating through the roles and responsibilities of the Council, the Commission, and even the Parliament represents a daunting task even for the more dedicated students of the European Union. It is a unique institution.

The recent debate over Iraq, the stalemate over article 98 agreements, disputes over genetically modified foods all serve to reinforce the attitude of many here that the EU is an institution which bears close scrutiny. For many, the EU has come to symbolize a competitor, a critic, or a counterweight.

I think this attitude is unfortunate. It is fed by some in Europe advocating this direction for the EU and fails to recognize the strength, cooperation, and successes of the EU-U.S. relationship. The war on terrorism, large elements of trade, Afghanistan, and the Balkans are just a few examples. The recent U.S.-EU summit was a clear indication that the partnership can work and can produce positive outcomes which will benefit both sides of the Atlantic.

Realizing that the European Union is here to stay and that the Union will speak more and more for more and more Europeans, the challenge before us is how to work with the EU in a positive, results-oriented partnership. But to criticize and attempt to change their views and actions when they treat Americans unfairly or when their actions represent infringements on our sovereignty or security interests is entirely appropriate. This will require a far better understanding of how the EU is constituted and how its elements actually work. This is the purpose of our hearing today as we begin to examine the European Union as an institution.

I look forward to the statements of the witnesses. I will introduce them shortly, but now I would like to turn to the distinguished Ranking Member, the gentleman from Florida, Mr. Wexler, for any comments he might have. Mr. Wexler?

[The prepared statement of Mr. Bereuter follows:]

PREPARED STATEMENT OF THE HONORABLE DOUG BEREUTER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEBRASKA, AND CHAIRMAN, SUBCOMMITTEE ON EUROPE

Today the Subcommittee will hold a hearing on the relationship between the United States and the European Union.

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But as we have recently witnessed, the Union has seriously moved beyond the treaty-based system and is, in the words of some, seeking a stronger legal personality through the completion of its constitutional convention and the introduction of a historic draft constitution for Europe. Debate on the constitution has already begun but the more formal debate among leaders of the member states will begin this Fall. I would doubt that the “founding fathers” of the Union, Mr. Monnet and Mr. Shuman, could ever have imagined what has become of their simple idea.

Despite all that has happened and is happening in Europe, few Americans seem able to comprehend or to appreciate the enormity of what has transpired on that continent. For many, the reality of the EU remains difficult to understand or to deal with. For instance, Europeans have surrendered increasing elements of their national sovereignty to the European Union and have certainly accepted a higher level of regulation and standardization than currently would be acceptable to the American public—ever, or at least for the foreseeable future. In addition, navigating through the roles and responsibilities of the Council, the Commission and even the Parliament presents a daunting task even for the more dedicated student of the EU. It is a unique institution.

The recent debate over Iraq, the stalemate over Article 98 agreements, disputes over genetically modified foods all serve to reinforce the attitudes of many here that the EU is an institution which bears close scrutiny. For many, the EU has come to symbolize a competitor, a critic, or a counterweight.

This attitude is unfortunate, is fed by some in Europe advocating this direction for the EU, and fails to recognize the strength, cooperation and successes of the US-EU relationship. The war on terrorism, large elements of trade, Afghanistan, and the Balkans, are just a few examples. The recent US-EU summit was a clear indication that the partnership works and can produce positive outcomes which will benefit both sides of the Atlantic.

Realizing that the European Union is here to stay and that that Union will speak more and more for more and more Europeans, the challenge before us is how to work with the EU in a positive, results-oriented partnership. This will require a far better understanding of how the EU is constituted and how its elements actually work. This is the purpose of our hearing today.

I look forward to the statements of our witnesses.

Mr. WEXLER. Thank you, Mr. Chairman. I will pass on an opening statement. I would simply just ask the witnesses—I have reviewed some of their testimony—if they could include as an observation or recommendation the current state of EU-American relations, the strains as a result of the Iraq War and other strains that have occurred in the relationship. How should the United States factor into our transatlantic relations those strains? How do we overcome them?

If I could offer one observation, Mr. Chairman, I think there are a number of academic and very important commentators on the transatlantic relationship that will often find the strains within the European Union significant enough to reach conclusions minimizing the importance of what is occurring in Europe. But it seems to me, even if you look back at the creation of our own country, not to suggest that the European Union is the creation of the United States of Europe, but what is being done is a fundamental, extraordinary, strategic shift and transformation. And it seems to me, for the United States not to fully analyze what its impacts will be on both our economic, our military, our political policies would be neg-

ligent on our behalf, and, it would seem to me, to minimize the effectiveness of what the European Union is doing would be to provide a disservice to American policy.

And I always go back to one fact: We have a one-trillion-dollar trade relationship, the United States does, with Europe. It is getting stronger every day, now weaker. Our economies are more interdependent, not less. There are more American jobs dependent on our trade with Europe, not less. There is more American money being invested in Europe and more European money being invested in the United States, not less. And for us to continually focus on what appears to be divisions within Europe and so forth, while important as they are, it would seem to me, suggest the fact that we are missing the point of what the phenomenon that is occurring in Europe, and, in light of all of that, if the witnesses would advise us as to what they believe the Congress and the American policy should be in light of what is occurring in Europe, I would greatly appreciate it. Thank you very much.

Mr. BEREUTER. Thank you. We have a microphone problem, but thank you very much, Mr. Wexler.

I am pleased now to hear from our two witnesses. First, we will hear from Dr. Carl F. Lankowski. He is the Deputy Director of Area Studies, the Coordinator for European Area Studies, Foreign Service Institute, U.S. Department of State. Prior to joining the State Department, Dr. Lankowski served as Research Director at the American Institute for Contemporary German Studies. To be followed by Mr. Charles R. Ries, Principal Deputy Assistant Secretary, Bureau for European and Eurasian Affairs, U.S. Department of State.

We visited a few minutes ago about the length of time. We will need to conclude this hearing, because of other activities, by about 10:50, but I think that should be an adequate amount of time if we are not interrupted by too many votes.

So, Dr. Lankowski, take 5 minutes but up to 10. We will set the clock at 10. Use whatever you need in that time frame. We are pleased to hear from you. Your entire statements will be made a part of the record, and you may proceed as you wish.

**STATEMENT OF THE HONORABLE CARL F. LANKOWSKI, Ph.D.,  
DEPUTY DIRECTOR OF AREA STUDIES, COORDINATOR FOR  
EUROPEAN AREA STUDIES, FOREIGN SERVICE INSTITUTE,  
U.S. DEPARTMENT OF STATE**

Mr. LANKOWSKI. Mr. Chairman, I am delighted to have the honor and privilege to share some insights with this Subcommittee about a critical facet of the foreign relations of the United States.

The European Union is the biggest economic entity outside the United States. Its member states are our closest partners for all this country does in the world. Neither a state, or an international organization, the EU is a hybrid form of cooperating involving supranational—

Mr. BEREUTER. Dr. Lankowski, pardon me for interrupting, but let us try the other microphone. We seem to have some problems here.

[Pause.]

[Discussion off the record.]



Mr. BEREUTER. You may proceed.

Mr. LANKOWSKI. Thank you, Mr. Chairman. I was saying that the EU is neither a state nor a typical international organization. It is a hybrid form of cooperation involving supranational pooling of sovereignty. The impact of the EU is still, however, first and foremost, economic. It is a key source of product standards, co-author of a complex regulatory environment, and a major player in antitrust and competition policy. When considered along with the introduction of the euro-currency, these achievements support the EU's prowess as a global economic and financial presence.

Most new national legislation in EU Europe originates in Brussels. Though fiscally modest, with a budget of about \$117 billion a year right now, about 1.2 percent of EU GDP, the EU produces costly unfunded mandates which must be financed by the member states.

The EU polity is an applied philosophy of action that evolved in response to the failure of Europe's state system, aiming at "an ever closer union of European peoples." It is a multi-level system of governance in a network built up over three generations, linking the civil services of member states directly via working groups and committees and indirectly via implementation of EU norms.

Now, the persistence of the national states constrains the autonomy of the EU's four main institutions, the first of which is the Commission, a collegial executive that initiates Union legislation and policy, polices the system for compliance to EU norms, and represents the group externally. It is disallowed from taking instructions from the national governments.

The Council of Ministers represents national administrations and adopt legislation in a procedure which employs a system of qualified-majority voting, thereby buttressing the supranational character of the EU.

The European Parliament has become a potent force in EU decision-making. It may amend Commission proposals and can veto legislation. It confirms the appointment of commissioners and holds them accountable. It also adopts the EU budget and must ratify all EU enlargement agreements.

Finally, the European Court of Justice can hear cases based on any point of the burgeoning body of EU law. Complaints may be brought by anyone to local courts. EU law trumps national law and is directly binding on the citizens and government agencies of its member states.

Now, the point of departure for the EU's distinctive international policy is avoiding the class conflicts and economic nationalisms of the 1930s that led to civil conflict, war, and the holocaust. Respect for identities specific to European states and subnational regions and minorities is a symmetrical counterpart in Europe's post-war, conciliation ethos. Reflecting the post-war generation raised in peace and prosperity, the EU added an active concern for the environment, and by the 1990s, began considering itself world leader in environmental policy.

Historically, the project of European integration depended on two related, diplomatic revolutions, creating the structural features that have defined Europe ever since. The first of these is America's commitment to and presence in Europe, signaled by the Marshall

Plan and NATO. The other diplomatic revolution linked to it is France's embrace of Germany, reflected in the Schuman Declaration of May 1950 announcing the European Coal and Steel Community.

A scheme for European military and political cooperation was tried but faltered in 1954, and NATO integration was the fall-back position in the sphere of military security. Europe's practical visionaries tried again, agreeing to the 1957 Treaty of Rome, which mandated the creation of a customs union and set up institutions to adjudicate competing interests.

Programs were put in place through the treaty to protect vulnerable and/or powerful interests. The financing of agricultural import supports became an enduring bone of contention in transatlantic and global trade relations.

Over the years, the treaty was periodically amended to deepen market integration, enhance supranational elements, broaden the scope of EU policy competencies, and prepare the institutions for a union of 25 and more member states. As the regulatory environment in Europe increasingly became decided in Brussels, interest groups of every kind transformed that city into an arena that would be very familiar to law-makers in Washington. Nowadays, Mr. Chairman, in Brussels, a plethora of groups seeks to affect the outcome of legislation that concerns their industry, their cause, or their interests.

Responding to the interplay of Brussels institutions, the national administrations' and European publics' EU policy-making developed a distinctive style, a style of inclusion, incremental development, and one that is highly programmatic.

Instability on its flanks and economic globalization have made the EU more preoccupied with itself since 1989. In response, the EU launched the euro-currency, intensified cooperation in criminal justice and immigration, and tightened coordination of foreign policy, security, and defense. It has also responded by making a place for the countries of central and eastern Europe stranded by the Cold War on the wrong side of the iron curtain.

Forty years of division during the Cold War reinforced differences between the countries of eastern and western Europe across the board and left Europe with an economic fault line born of state socialism and central planning. Accession of seven such states of central and eastern Europe, coming in May 2004, is, as the Ranking Member has already said, a historic step. Over 100 million EU citizens will be added to the 376 million in the current 15 member states, but these will add a combined GDP of only \$350 billion, a little more than 4 percent of the combined GDP of the current members.

Nevertheless, this enlargement will transform the European Union. A new issue agenda will animate EU decision-making. New coalitions have already begun to form in anticipation of the accession.

This momentous step also presents the question: Where does Europe end? Is Turkey part of Europe? Russia? Ukraine? the western Balkans? If these countries are left out, will this presage a new division of Europe?

Last year, 105 delegates met to reform the institutions and prepare the EU for the next half century. A draft constitutional treaty was handed over to the European Council in Rome just last Friday. Prominently on display in that convention were differences of vision about the purpose of the European project. Some supported further supranational development. Others preferred an intergovernmental approach. The convention produced a draft that confirms the present institutional setup, with some notable innovations.

Mr. Chairman, I have endeavored to present the most salient features of the European Union. Our biggest partner, the largest economic entity external to us, is a nonstate actor. We at the Foreign Service Institute, supported by the European Bureau, are focusing on the challenges presented by this situation. We appreciate the support of this Subcommittee and look forward to close cooperation in the future. Thank you.

[The prepared statement of Mr. Lankowski follows:]

PREPARED STATEMENT OF THE HONORABLE CARL F. LANKOWSKI, PH.D., DEPUTY DIRECTOR OF AREA STUDIES, COORDINATOR FOR EUROPEAN AREA STUDIES, FOREIGN SERVICE INSTITUTE, U.S. DEPARTMENT OF STATE

Mr. Chairman, I am delighted to have the honor and privilege to share some insights with this Subcommittee about a critical facet of the foreign relations of the United States. I have been involved with European integration since my undergraduate days at Georgetown University's School of Foreign Service in 1969 and have enjoyed opportunities to develop an understanding of the European Union and its precursors from within its executive body, the European Commission, in the 1970s, later to launch a teaching career, still ongoing, in which this entity is a leitmotif. I traveled through EU-Europe frequently with a view toward understanding integration from the point of view of the Member States and returned often to Brussels to renew my understanding of EU institutions. I consider myself privileged to have helped galvanize attention to the EU in this, my own country, as board member of the European Union Studies Association. And I am especially thankful for the opportunity to serve my country at the Foreign Service Institute, our diplomatic academy, with whatever EU expertise I have been able to accumulate, and to address you on that subject today.

#### THE EU: WHAT IS IT?

The European Union (EU) is the biggest economic entity outside the USA. Its Member States are our closest partners for all this country does in the world. The transatlantic relationship is the fulcrum and center of gravity of globalization. Europe's traditionally leading role in world affairs since ca. 1500 CE, its colonial history, and its location between east and west during the cold war, its role in providing the fundamentals of our American identity, all of this makes the EU system, the organizational nexus of Europe today, of overriding importance to the United States.

Neither a state, nor an international organization, the EU is a hybrid form of cooperation involving supranational pooling of sovereignty. Its Member States continue to be very important, even central, to the operation of the group, while at the same time essentially constrained by its institutions, bureaucratic routines, and prior decisions.

Despite an ambitious broadening of its activities to fields such as environmental policy and education, development aid, police work and even military security, the impact of the EU is still first and foremost economic. It is a key source of product standards, the co-author of a complex regulatory environment, and a major player in anti-trust and competition policy. These achievements in its own continental economic space support the EU's prowess as a global economic presence. The Euro-currency makes the EU a potent force in international finance.

By some accounts, the EU is the source of most new legislation in its Member States. Though a fiscal "shrimp," with a modest budget of ca. \$100 billion (1.2% of EU GDP), its legislature cranks out costly unfunded mandates, which must be financed by the Member States. The EU legal corpus consists of over 1700 directives now in force and many regulations, decisions, and recommendations. The law in

force, the so-called *acquis communautaire*, presently covers more than 80,000 pages of text.

The EU polity is an applied philosophy of action that grew in response to the failure of Europe's state system, aiming at "an ever closer union of European peoples." It is a multi-level system of governance without, strictly speaking, having a government. Informally, it is a network built up over three generations linking the civil service of Member States directly via working groups and committees and indirectly via previously adopted EU norms. For almost everything the EU does, "Brussels" depends on the agencies of national governments to implement its will. As the scope of supranational policy-making has expanded, national careers increasingly are made or broken in this "Brussels system." As national institutions change in part to adapt to their new EU context, national administrations have become Europeanized in attitude. "Brussels" has long since become a resource to be used and a hurdle to be overcome, a dynamically evolving but at the same time permanent feature of Europe's transnational, if not quite post-national, operating environment.

Were it not for the fact that the EU system is built on the legacy of states of ancient lineage, it might be thought to resemble the confederal form of polity tried out in this country under the Articles of Confederation. The persistent national states constrain the autonomy of the EU's three main institutions, an arrangement that looks more like the relationship between Switzerland's cantons and that country's central government.

- The *Commission* is primarily a collegial executive body that initiates Union legislation and policy, polices the system for compliance to EU norms, and represents the group externally. It has a potentially powerful president and a "Eurocracy" of ca. 20,000 to support it, roughly only half of which are A-level policy-makers, the other half, translators and interpreters. Considering that the present population of the EU is about 376 million, and that these 10,000 are split up into more than two dozen departments, this body is comparatively quite small by national standards. The Commissioners and the Eurocrats are specifically disallowed from taking any instructions whatsoever from any national government.
- The *Council of Ministers* represents national administrations and adopts legislation in a procedure, which employs a system of qualified majority voting, thereby buttressing the supranational character of the EU.
- Since the advent of direct election by the citizens of EU Member States in 1979, the *European Parliament* has become a potent force in EU decision-making in many matters. Though legislation does not originate in the European Parliament, it may offer amendments to Commission proposals. The co-decision legislative procedure—soon to govern legislative exercises across nearly all policy areas—gives Parliament a veto over the outcome. Moreover, the Parliament confirms the appointment of Commissioners and can sack the Commission, which it forced to resign in March 1999. It also adopts the EU budget and must ratify all EU enlargement agreements.

When taken together with qualified majority voting in the Council, the powers of the other two bodies give rise to a complex calculus of interaction between Commission, Council and Parliament that greatly enhances the autonomy of the EU's quasi-federal institutional set-up. This is reinforced by the ingeniously constituted EU judicial system. The *European Court of Justice* (ECJ) can hear cases based on any point of the burgeoning body of EU law. Complaints may be brought by anyone to local courts, which are required to remand relevant cases to the ECJ for decision. Paralleling the US federal system in which federal law is the supreme law of the land, EU law trumps national law and is directly binding on the citizens and government agencies of its Member States. A EU constitutional jurisprudence has established itself. ECJ opinions are accorded a gravitas similar to dispensations of the Supreme Court in this country.

#### EVOLUTION AND INTERNATIONAL PERSONALITY

The point of departure for EU's distinct international personality is the class conflicts and economic nationalism of the 1930s that led to war and devastation. Europe's understanding of its drive to unity is based on a social contract involving the central role of the state as a redistributive and regulatory mechanism designed to buy social peace. It has an ethos of inclusion of social groups in policy-making processes. This orientation is projected outward: the process of conciliation is the goal as well as the means to other ends. Managed conciliation, an orchestrated approach is favored over an unregulated clash of interests. To the idea of the European social

model were added the concerns of a society increasingly defined by tertiary occupations. The European Union became heavily imprinted with the concerns of the social movements of the 1970s. Of these, most easily taken on board were environmental concerns. By the 1980s, the EU became an active agent of green policies internationally and by the “Earth Summit” in Rio de Janeiro in 1992 began considering itself world leader in this area, setting increasingly ambitious goals for itself along the way. It is important to understand the element of European identity in this development.

By the same token, reconciliation meant acknowledgement of identities specific to Europe’s states and sub-national regions. Europe’s celebration of its diversity is now codified in the 1992 (Maastricht) Treaty on European Union, which raises to the level of constitutional principle respect for national cultures.

Historically, the project of European integration depended on two related diplomatic revolutions:

- America’s commitment to Europe, launched with the Truman Doctrine and Marshall Plan, which encouraged the Europeans to take the first major steps to disarm economically and mentally in relation to each other.
- France’s embrace of Germany signaled by the Schuman Declaration of 9 May 1950, which resulted in the supranational European Coal and Steel Community. France wanted to organize that business, address the security problem posed by Germany, and begin to restore France and Europe to prominence in the world. Germany was motivated above all by the desire to rejoin the community of nations.

These diplomatic revolutions created the structural features that have defined Europe ever since.

The Six original parties to the Schuman Plan let a vision of a unified Europe based again on the logic of Franco-German reconciliation lead them to embrace a scheme for European military and political cooperation, the European Defense Community, but the effort faltered in 1954 and NATO integration was the fall-back position in the sphere of military security.

Europe’s practical visionaries tried again, taking a step backward in order to take two forward by agreeing to the Treaty of Rome establishing the European Economic Community and European Atomic Energy Community in 1957. It was hoped that the “Monnet method” of inducing expansive forms of integration from restricted beginnings would someday lead to the “ever closer union” advertised in the Treaty’s preamble. The wager paid off handsomely.

The Treaty of Rome established the constitutional framework of all further integration efforts. Its 235 articles mandated the creation of a customs union (common market) and provided a broad scope for dynamic evolution of the market by authorizing cooperation in virtually all the policy areas forming the parameters of a liberal capitalist economy. It also set up institutions, modeled on the supranational Coal and Steel Community, to adjudicate competing interests of the parties.

Mindful of the inevitable interplay of winners and losers from the project, programs were put in place through the Treaty to protect vulnerable and/or powerful interests. Most notably, a Common Agricultural Policy was mandated, which aimed, among other things, to support farmers’ incomes. This birthmark of European integration was destined to become a bone of contention in transatlantic and global trade relations from that time to the present. Modest redistributive means were foreseen in the European Social Fund, forerunner of today’s structural and cohesion funds. These efforts gave rise to a EU budget financed by customs receipts, a portion of the harmonized Value-Added Tax (VAT), and national subscriptions based on economic strength and size. In this way, Germany became the net payer of the project. To forestall even higher charges, Germany insisted that some aid take the form of loans. Out of this came the inclusion of the European Investment Bank, an off-budget entity that now lends approximately \$30 billion per year, more than all the multilateral development banks (including the World Bank) combined.

Over the years, the Treaty of Rome was updated in several major steps:

- 1986: the Single European Act renewed and deepened the internal market, expanded the scope of EC policy, and upgraded the role of the European Parliament;
- 1992: the Maastricht Treaty created the current three-pillar structure of the European Union, officially launching the process leading to Economic and Monetary Union and incorporating foreign policy as well as criminal justice and immigration matters into the treaty structure;

- 1997: the Amsterdam Treaty upgraded the role of the Parliament once again and created the position of High Representative to manage EU common foreign and security policy;
- 2000: the Nice Treaty helped prepare the Union for its most ambitious enlargement ever by tackling rules governing the operation of the central institutions of the EU.

By the end of the 1980s, European elites had increasingly to contend with their publics, as acts decided in Brussels bit more and more into the national social and cultural fabric, for example in setting standards for foods. In general as the regulatory environment in Europe increasingly became decided in Brussels, interest groups of every kind transformed that city into an arena that would be very familiar to lawmakers in Washington: nowadays in Brussels a plethora of groups seek to affect the outcome of legislation that concerns their industry, cause, or interest.

Responding to the interplay of the Brussels institutions, the national administrations, and European publics, EU policy-making developed a distinctive style: inclusive, incremental, and programmatic.

It is also inward looking, since the EU agenda has encompassed so many major challenges. Since 1989, the collapse of the Soviet Union, turmoil in the Balkans and the Middle East, and economic globalization has combined to present Europe with unprecedented challenges. It has responded, by and large, through the EU with monetary union and the launch of the euro-currency, intensified cooperation in criminal justice and immigration, as well as tighter coordination of foreign policy, security and defense issues. It has also responded by making a place for the countries of Central and Eastern Europe stranded by the cold war on the wrong side of the iron curtain.

#### ENLARGEMENT

The challenge. Europe consists of more than 40 states, many with 1,000 years and more of historical development, producing dozens of languages, different administrative and legal systems, social contracts and constitutional arrangements. The failure of the European state system during the wars of the first half of the 20th century brought the United States onto the continent and we stayed there on the basis of strategic interests, shared with the Europeans, during the cold war. This 40-year division of Europe reinforced differences between countries of eastern and western Europe across the board and left Europe with an economic fault line borne of three generations of state socialism and central planning. No wonder that national identities are so well entrenched on the continent. All the more remarkable, then, that European integration has come as far as it has.

Accession of seven states of Central and Eastern Europe coming in May 2004 is a historic step. Over 100 million EU citizens will be added to the 376 million in the current 15 Member States, but these will add a combined GDP of \$350 billion, a little more than 4% of the combined GDP of the current members.

Nevertheless, this enlargement will transform the European Union in a way analogous to the way Germany has been transformed by its unification in 1990, when five federal states from the former state socialist German Democratic Republic joined the German Federal Republic. A new issue-agenda will animate EU decision-making; new coalitions have already begun to form in anticipation of accession.

This momentous step also presents the question: Where does Europe end? Is Turkey part of Europe? Russia? Ukraine? The Western Balkans? If these countries are left out, will they presage a new division of Europe?

#### EUROPE'S CONSTITUTIONAL CONVENTION: OUTLOOK

In a move not fundamentally different from that of Madison, Franklin and the other participants in the convention called to rework our Articles of Confederation at Philadelphia in the summer of 1787, the EU's political masters last year called together 105 delegates from the EU institutions and Member States to reform the institutions and relaunch the EU in some kind of final form. After a year of work under Chairman and former French President Valerie Giscard d'Estaing, the draft constitutional treaty was handed over to the European Council, the EU's institutionalized summit, two weeks ago at their regular meeting in Thessaloniki, Greece.

Prominently on display in the deliberations of the Convention were differences of vision about the purpose of the European project. While the Germans and the small states went in to the discussion fully supporting further supranational development culminating in a stronger federation, the French participants generally preferred a Europe of fatherlands, more inter-governmental, controlled by the largest Member States among them. The United Kingdom, always removed from and reserved about

the logic of the Franco-German project launched in 1950, pressed for vigorous market integration and cooperation on the world stage, a vision, as Prime Minister Tony Blair put it, of a European superpower, but not a superstate.

Perhaps inevitably given the stage of history we now occupy, the perceived interests and the heterogeneous character of the EU's constituent States, the Convention produced a draft that confirms the present institutional set-up, with some notable innovations, such as a EU president and foreign minister. Overall, the changes portend no radical departures from long-established trends.

Mr. Chairman, I have endeavored to present what I believe to be the most salient features of the challenging entity called the European Union. It is some measure of the new world of global affairs that we inhabit that our single biggest partner and the largest economic entity external to us is not a state. We at the Foreign Service Institute, supported by the European Bureau of the Department of State, are focusing on the challenges presented by this situation. We appreciate the support of this Subcommittee and look forward to close cooperation in the future. Thank you.

Mr. BEREUTER. Dr. Lankowski, thank you very much.

Next, we would like to hear from Secretary Ries, and, as mentioned, your entire statement will be made a part of the record. I doubt that the microphones are working yet. You can try it. If you could raise your personal volume a little bit, it would be helpful to the audience.

Mr. RIES. I am sorry?

Mr. BEREUTER. If you could raise your personal volume a little bit, it would be helpful to the audience.

Mr. RIES. I will do my best, sir. It is great to go back to the 19th century.

Mr. BEREUTER. Yes, it is. We were better off before we went to the new technology here a year ago.

Mr. RIES. There was less to fail anyway.

**STATEMENT OF THE HONORABLE CHARLES R. RIES, PRINCIPAL DEPUTY ASSISTANT SECRETARY, BUREAU OF EUROPEAN AND EURASIAN AFFAIRS, U.S. DEPARTMENT OF STATE**

Mr. RIES. Mr. Chairman, thank you very much for inviting me to review with the Subcommittee our challenges and recent successes in our relationship with the European Union. I, of course, as you have proposed, have submitted our testimony for the record, but let me just highlight a few points.

There are a number of areas where our relationship with the EU is going very well, including a number of key initiatives advanced by the June 25th U.S.-EU summit here in Washington. Let me note for this purpose just three.

First, there is no challenge more urgent than the proliferation of weapons of mass destruction. At the summit, the United States and the European Union announced new ways of cooperating on this very vital issue, including the tightening of export controls, strengthening the role of the IAEA and its inspection regime, and improving national controls over dangerous pathogens and chemical weapons.

Two: Our cooperation with the European Union on promoting stability in troubled areas of the world is ever closer and more effective. The United States and the EU have worked effectively together to address the risks posed by the Iranian and North Korean nuclear programs. We are working together in the Quartet to bring peace and stability in the Middle East and coordinating our vital

peace-keeping missions in the Balkans. The leaders discussed all of these issues at the summit.

Three: Our increasingly close cooperation with the EU on counterterrorism culminated at the summit in agreements on extradition and legal assistance. The United States and the European Union have already coordinated the freezing of assets of terrorist organizations all over the world. We are also working with EU member states and the European Commission to safeguard United States ports.

Any relationship as broad as the one between the United States and the European Union is bound to have areas of disagreement. While we have generally been successful at freeing world trade, agriculture continues to be a source of tensions, and agricultural trade barriers in rich countries are a real obstacle to growth in the developing world. Differences in regulatory policies, often the result of very different regulatory philosophies across the Atlantic, also cause prolonged disputes. Even where we share common values and objectives, we are on occasion unable to agree on specific measures to achieve these objectives.

In spite of our occasional differences, we can never forget that the process of building a united Europe, as described by Dr. Lankowski, has brought peace to a divided and strife-filled continent and strengthened Europe during the Cold War. More recently, the EU accession of key central European countries agreed last December has solidified support for democracy and market economies throughout the region.

Some question whether European integration will continue to be so unambiguously in our interest in the future, as Mr. Wexler noted in his opening comments. These critics note that a few EU member states advocate a European Union foreign policy framed as a counter weight to that of the United States.

The Administration does not share this pessimistic interpretation of European integration. In our view, there are several factors that will continue to bind the Atlantic partnership together. Economic ties are such that we have vital stakes in each other's prosperity. It is no exaggeration to say economic growth globally depends on a strong transatlantic economic relationship.

Second, the United States and the European Union share common political values. Often the only way we can achieve these goals is a common U.S.-EU approach and effective cooperation in international fora.

Let me add that, in our view, the EU has some unique abilities that make it a potentially valuable partner for the United States. For example, the EU has experience, will, and resources for dealing with new global challenges, such as HIV/AIDS, organized crime, and the environment. Also, as we see in Côte d'Ivoire and the Congo today, the EU nations are taking on tasks where the United States and NATO have interests at stake but, for one reason or another, are not engaged. EU involvement, coordinated with NATO under the Berlin Plus formulas, can bring additionality to our security by freeing up U.S. and NATO forces to respond to threats elsewhere and by encouraging a needed strengthening of European defense capabilities.



In sum, Mr. Chairman, the energy and new initiatives from the June 25th Washington summit, with its pledges of cooperation on nonproliferation, counterterrorism, regional problems, and a liberalized transatlantic aviation market, show that the Atlantic partnership remains a vital force in the world, and we remain committed to this partnership with a united Europe. Thank you, Mr. Chairman.

[The prepared statement of Mr. Ries follows:]

PREPARED STATEMENT OF THE HONORABLE CHARLES R. RIES, PRINCIPAL DEPUTY ASSISTANT SECRETARY, BUREAU OF EUROPEAN AND EURASIAN AFFAIRS, U.S. DEPARTMENT OF STATE

I appreciate the opportunity to discuss today the relationship between the United States and the European Union. Our relations with the EU are multifaceted and highly complex. The structure of the EU and its decision-making process is one of the most complicated in the world. The increasing role of the European Parliament and the addition of ten new EU members will add new factors to this already arcane and procedurally complex process. In addition, the breadth of the relationship—encompassing the entire range of international economic and foreign policy issues—is impressive. Literally any important event in any country in the world will be subject to consultations between the U.S. and EU, and where we can find common ground, cooperation and coordinated action. While the U.S. works with European Union institutions when appropriate, we of course continue to strengthen our close working relationships with countries that are members of the EU, such as the special relationship of the U.S. and the United Kingdom.

Management of this complex process can be frustrating, and an agenda covering the range of international issues that we address with the EU will inevitably leave us with differences. In this testimony I will cover both the areas where cooperation is promising and areas where we continue to have problems. There are a number of areas, some of which were highlighted at the U.S.-EU Summit, where the relationship seems to be on track, including cooperation on non-proliferation, regional issues, and counter-terrorism cooperation.

#### RECENT EXAMPLES OF CLOSE ATLANTIC COOPERATION

As the threat of the spread of nuclear weapons became even more prominent with the revelations in Iraq, Iran, and North Korea, the EU has adopted a tougher new strategy toward non-proliferation. The EU Council of June 16 approved a set of Basic Principles and an Action Plan to strengthen international controls of weapons of mass destruction, which included a mandate to develop new cooperative measures with the United States. At the U.S.-EU Summit in Washington in June, the U.S. and EU pledged cooperation on a joint work program to combat the proliferation of dangerous weapons. It is worth mentioning some of the measures both sides agreed to implement:

- making the IAEA Additional Protocol a standard for international nuclear cooperation and non-proliferation;
- supporting an increase in the IAEA safeguards budget;
- tightening the enforcement and implementation of national export controls on dangerous materials and technology;
- strengthening national controls over dangerous pathogens and fostering the elimination of chemical weapons.

The U.S. and the EU have also agreed that national controls should include criminal penalties for the illegal export, transport, or brokering of weapons of mass destruction, missile delivery systems, and related materials and technology to create effective national exports systems to prevent transfers of WMD. The U.S. and the EU may provide assistance to advance this effort.

In sum, while we still can find ways to further strengthen and deepen our cooperation, the U.S. and EU have taken significant steps that will have a real impact on our common non-proliferation goals.

The joint U.S.-EU Summit statement on June 25 also condemned the nuclear programs in both Iran and North Korea and expressed their united determination to ensure compliance with the international non-proliferation obligations. We have worked together in the IAEA with the EU and its member states to bring non-complying countries into compliance.

Overall the U.S. and EU have been successful in coordinating our approaches to regional problems. Our views of the world and on our strategic interests are likely to continue to converge as the EU implements the strategic view endorsed at the Thessaloniki Summit on June 20. In the Middle East, the U.S. and EU both support a sustainable peace between Israel and the Palestinians. We have worked closely with the EU in developing an agreed roadmap that will eventually fulfill the President's vision of an independent Palestinian state living side-by-side in peace with its neighbor Israel. We continue to cooperate in the Quartet to implement the road map, but progress will require close U.S.-EU coordination to support the new Palestinian Prime Minister Mahmoud Abbas and to encourage both sides to carry out the measures outlined in the roadmap.

In the Balkans, the U.S. and EU have worked closely to help the region move beyond the problems of the past and to bring peace and stability to this corner of Europe. In Macedonia, the EU recently took over peacekeeping duties, with forces established under the European Security and Defense Policy (ESDP). With the adaptation of Berlin Plus this year—a set of agreements designed to coordinate military operations between the EU and NATO—the Macedonia operations fit in well with U.S.-EU efforts to bring greater stability to the Balkans.

U.S.-EU counter-terrorism cooperation has been close and productive in the aftermath of the September 11 attacks. One major contribution has been police and judicial cooperation, including:

- effective collaboration with law enforcement authorities in EU member states, resulting in the arrest and disruption of a number of terrorist cells;
- establishment of a EUROPOL liaison with U.S. law enforcement and negotiation of a data privacy agreement to facilitate the exchange of personal data and information on suspects;
- signing of extradition and mutual legal assistance treaties, giving police on both sides of the Atlantic new tools for fighting terrorism and other serious crimes.

In January 2002, U.S. Customs launched the Container Security Initiative to provide a forward customs presence in foreign ports to prevent containerized cargo from being exploited by terrorists. The U.S. has bilateral CSI arrangements with 8 EU member states and is working with the EU Commission on future cooperation to implement CSI throughout Europe and increase the security of global trade. The U.S. and EU are also working together to shut down financing of terrorist groups and to freeze their assets. The EU designated the vast majority of terrorist groups and individuals whose assets have been frozen. The major exceptions are the political wing of HAMAS and Hizbollah. The EU is reconsidering this stance. The concluding statement at the last EU Summit June 19–20 noted “the Union demands that HAMAS and other groups declare immediately a cease-fire and halt all terrorist activity and recalls that the Council is urgently examining the case for wider action against HAMAS fund raising.”

Finally, the U.S. and EU are working in partnership in the reconstruction and the building of democracy in Afghanistan and Iraq. In March of this year the European Commission announced a \$452 million package of reconstruction support for Afghanistan for 2003–04, concentrating on rural development and food security, economic infrastructure, public sector reform, and healthcare. The United States, with assistance from France and others, is helping to train and equip a new Afghan National Army. Germany, with American assistance, is helping to rebuild the Afghan police force. Italy has done important work on judicial sector reform. Among the EU member states, the Germans, Dutch, and British have all served as International Security Assistance Force (ISAF) lead. In Iraq, while the EU itself was unable to support the U.S. due to divisions among its membership, a number of EU countries were part of the coalition forces. Many have also offered forces for peacekeeping missions, and the EU and its member states have been key suppliers of humanitarian assistance. Currently the EU is participating in the planning of a donors' conference to fund longer term reconstruction in Iraq.

#### AREAS OF DIFFERENCE

There are areas of conflict with the EU, some of them recent and some seemingly chronic. These differences stem from a variety of reasons, among them pure protectionism, differences in regulatory approach and philosophy. Even in matters where we share common values and interests, sometimes negotiators fail to reach a workable compromise.

Agriculture is one domain in which disputes are unresolved. Liberalization and reform of agricultural trade have long been issues of contention between the U.S.

and the EU. Following the Doha WTO Ministerial, the U.S. was the first to propose a bold and comprehensive proposal to open markets and liberalize global agricultural trade. Europe has only recently taken a reciprocal step, agreeing to limited reform of its Common Agricultural Policy (CAP). This is important, but more will be needed as progress in this area will be key to the success of the Doha Development Agenda (DDA). Cooperation between the U.S. and the EU was essential for agreement on launching the DDA and will be as important for achieving a successful conclusion of the Doha round.

In questions of regulation we also find persistent differences between the EU stance and our own. The U.S. and EU have different philosophies about governmental regulation, and these differences can have a significant impact on trade. At present we face a number of such disputes, involving chemicals, biotechnology and beef hormones, poultry, financial services, and accounting.

The biotechnology dispute is the most persistent. In May we requested WTO consultations with the EU on its de facto moratorium on approvals of biotech applications. These consultations have not resolved the issue, and we will be requesting the establishment of a WTO dispute settlement panel. Despite extensive dialogue with Europe, and despite the reports of its own scientists that genetically modified foods present no health risks, the EU member states have been unwilling to grant approvals for biotech products. Europe's negative approach is also having a chilling effect elsewhere. Three African nations (Zambia, Malawi and Zimbabwe) have rejected U.S. food aid and prohibited importation of biotech seeds, based on their concern that the biotech seeds would affect their future trade opportunities in Europe. It would be tragic if superstition and political objections in wealthy Europe should lead poorer countries to reject biotechnology, which holds the potential of improved, sustainable yields and lower pesticide and herbicide use.

We are also concerned with the EU's proposed new traceability and labeling rules for biotech food and feed. The European Commission proposed these onerous rules to stigmatize biotech products that have been scientifically proven to be safe. The rules even require labeling of products derived from biotech commodities. The European Parliament approved in early July the European Commission's proposals. The legislation will now go back to the European Council for final review and could come into effect before the end of the year. While the EU argues the labeling policy is a prerequisite for an import approval process, we are very concerned that they may have the opposite effect and constitute a technical barrier to trade. The regulations will do little to restore consumer confidence and will be costly to implement, difficult to enforce, and could put existing biotech trade (e.g., \$1 billion annually in soybeans) at risk.

We have repeatedly explained our views to our colleagues in Europe. Our regulators are in frequent dialogue with their European counterparts. One example where we believe we are making some headway, though we remain concerned, relates to the EU's draft Chemicals Regulation recently published for comment by the European Commission. We have a mutual interest in protecting the environment and public health. We have welcomed the opportunity to consult with and have input into the Commission's preparation of its proposed new "Registration, Evaluation, and Authorization of Chemicals" framework. We welcome what we understand to be an active internal review of the proposed scope and possible implications of the proposals. However, we are concerned that the EU not adopt a costly, burdensome and complex system that proves unworkable, adversely impacts innovation and disrupts global trade. The proposed regulations and comments are to be reviewed by the Commission this summer following a public internet-based consultation period that ends July 10, after which a final proposal will be issued.

There are, of course, occasions on which, while the U.S. and the EU share common values, we may differ on how best to advance those values. Thus, for example, both the U.S. and the EU abhor war crimes and other offenses against the law of nations. But the U.S. and the EU do not share a common view about the wisdom of having the International Criminal Court (ICC) and the United States is not a party to the treaty on the ICC known as the Rome Statute. The National Security Strategy of the United States issued by the President states:

"We will take the actions necessary to ensure that our efforts to meet our global security commitments and protect Americans are not impaired by the potential for investigations, inquiry, or prosecution by the International Criminal Court (ICC), whose jurisdiction does not extend to Americans and which we do not accept.

We will work together with other nations to avoid complications in our military operations and cooperation, through such mechanisms as multilateral and bilateral agreements that will protect U.S. nationals from the ICC.

We will implement fully the American Servicemembers' Protection Act, whose provisions are intended to ensure and enhance the protection of U.S. personnel and officials."

#### EXPANSION AND CONSTITUTIONAL CHANGES

The EU is undergoing significant changes with the addition of new member states and consideration of the recent recommendations for structural modifications by the Constitutional Convention. On May 1 the EU will take on ten new member states: Latvia, Lithuania, Estonia, Poland, the Czech Republic, Slovakia, Hungary, Slovenia, Malta and Cyprus.

The expansion of the EU and the inherent challenge of governing a Europe made up of 25 nations, has led the EU to look at new ways of structuring the Union. Previous EU Treaty changes have been negotiated by governments alone. This time, EU leaders took the unprecedented step of creating the "Convention on the Future of Europe," led by former French President Giscard d'Estaing, and comprised of government officials and other senior figures from member states and accession countries. The Convention was tasked with producing a draft constitution to replace the treaties that currently form the EU's legal foundation, and it reported to the EU Summit in June. Among the institutional changes proposed by the draft are the creation of a Foreign Minister position for the Union and the replacement of the EU's rotating six-month presidency with a president elected by the Council of the European Union for a two-and-a-half year term.

Potentially more important for American interests, though, are proposals to allow subsets of member states to cooperate on defense matters even when there is no consensus within the EU. These proposals may not survive the next stage in the process, an Intergovernmental Conference (IGC) beginning in the fall that will turn the constitutional draft into a treaty. Meanwhile, common foreign and security policy should continue to be based on unanimity among the member states rather than moving to a form of majority rule, as some had feared the convention would propose.

#### U.S. INTERESTS IN A UNIFIED EUROPE

U.S. policy traditionally has been strongly supportive of an integrated, united Europe, and this policy has proven to be, on balance, very much a positive gain for U.S. interests. As foreseen by the European Union's founders, early integration efforts reconciled France and Germany and deeper and broader integration bonded together much of the continent, making an internal European war all but unthinkable. After being caught up in two world wars initiated by internal conflicts in Europe, the United States clearly benefits from Europe's current peaceful state. In addition, during the Cold War NATO provided the umbrella to allow the EU to develop in peace, while the EU built economic and political bonds and solidarity among European countries to help democracy ultimately prevail. EU expansion, along with the expansion of NATO, is tearing down permanently the barriers that divided Europe during the Cold War and reinforcing newly formed Eastern European democracies and free market economies. Finally, European integration and unity has clearly contributed greatly to Europe's economic liberalism and prosperity. Trade with Europe has contributed to our own prosperity.

Our support for a united Europe has clearly served us well. But there are critics who doubt that this will prove the case in the future. They point to some member state governments and some European international relations scholars who advocate a European Union that defines itself in opposition to the United States. In this view, the EU's combined economic power and clout in international organizations would be used as a counter-weight to U.S. policies. A more subtle argument sees differences in U.S. and European military capabilities and attitudes toward the use of power as inevitably building a breach into the Atlantic relationship. A Europe convinced that the international environment is permanently more benign would be less able to find common ground with the United States and less capable of acting jointly. In this view, rather than making itself America's adversary, Europe will make itself irrelevant. Either way these critics claim, support for European unification no longer should be in the United States' interest.

The Administration does not share either of these pessimistic views of Europe. There are several factors that will continue to bind the Atlantic partnership together and ensure that the U.S. will continue to have a stake in European unification. First, economic ties are so close and important to the prosperity on both sides of the Atlantic that any lengthy separation or even estrangement could be very painful. Total trade across the Atlantic is equal to nearly 500 billion dollars a year. EU member states supply the U.S. with 65 percent of our foreign investment while the U.S. accounts for 45% of European foreign investment. Prosperity for Europe

and the U.S.—indeed the entire world—depends on our ability to continue cooperation and economic interdependence. Second, as often as the U.S. and EU disagree, we share common objectives and values. And it is increasingly clear that the only way we can achieve these goals is a common U.S.–EU approach and common action. Canceling each other out is counterproductive.

The energy and new initiatives from the June 25 Washington Summit, with new pledges of cooperation on non-proliferation, counter-terrorism, regional problems and aviation, prove that the Atlantic partnership remains a vital force in the world. We remain committed to this partnership with a united Europe. As President Bush put it at a press conference following the Summit:

“Since the end of World War II, the United States has strongly supported European unity as the best path to European peace and prosperity. We believe, as well, that strong ties between America and Europe are essential to peace and the prosperity of the world.”

Mr. BEREUTER. Thank you very much, Secretary Ries, and, Dr. Lankowski, if you could join Secretary Ries at the table, we would like to proceed with the questioning.

I think, Mr. Wexler, despite what I suggested to you, we had better stick with the 5-minute rule just in case we have more Members appearing.

So I will now proceed under the 5-minute-question rule, and I would like to begin with a question that perhaps both of you could address. It would relate to something that Dr. Charles Kupchin, the author of a recent book on transatlantic relations suggested, that Europe is the United States’ next great rival, that we are headed toward a clash of civilizations. On the other hand, Dr. Daniel Hamilton stated in a speech that Europe and America are not drifting apart; we are, in fact, colliding as we become more integrated.

I would like to have you, either on a personal basis or on an agency basis, comment on those two alternative scenarios. You describe the relationship that you see the United States and the European Union having and the way it seems to be evolving, and either of you may go first.

Mr. LANKOWSKI. Mr. Chairman, I would say that it is entirely possible that both of these gentlemen are correct in their analysis. A lot depends on what spirit animates the member states and the institutions in the European Union. The political party landscape will certainly play a role in that. The habit of cooperation that we have inherited over the past generation will certainly play a role as well.

My own personal feeling is that the chances for and probability of cooperation looms much larger as the Europeans reflect on their own enlightened self-interests and continue to make them a partner for all we do in the world. It is true that the EU regulatory practice, for instance, is different in some respects and has created certain problems, but these problems are, to this point, at least, fairly marginal in terms of the overall trade relationship and investment relationship we have with the Europeans. So my impression is that they are probably going to be contained.

That doesn’t mean that we don’t have our work cut out for us in terms of working more intensely with the Europeans in this regard, but that is a matter, I think, that my colleague, Charles Ries, is better able to address than I.

Mr. RIES. Mr. Chairman, if I may just add, I think neither scenario, neither Charlie Kupchin’s nor Dan Hamilton’s scenario, is

inevitable. I think that it matters what we do. It is affected by the policies that we implement and the policies of our European friends and allies as to which of these scenarios comes down. As I suggested in my statement, I am actually in a quite optimistic mood.

I fully acknowledge the points that Mr. Wexler made about a rough winter. There were disagreements about the Iraqi conflict. There were disagreements within Europe as much as transatlantically. But I think that we are largely through that period of time in which the transatlantic relationship was so strained, and we are looking ahead at the future and doing things together, including in Iraq, and I guess I subscribe to what I call the "Monnet [Jean Monnet—founder of EU (1957)] method for transatlantic relations," which is that we develop concrete, discrete, pragmatic successes, and we can build on those successes to build a stronger transatlantic relationship.

Mr. BEREUTER. Our NATO Parliamentary delegations have met with our permanent representative or Ambassador to the European Union each February for almost 15 years, I guess, so I have met with my colleagues with about five of our perm. reps, and we always discuss how it is that the United States can have its input early in the course of an issue evolving within the European Union for potential action. Now, some suggest that because of the sensitivities of the U.S. about the NATO–EU relationship, there is an invisible U.S. presence in EU debates on a whole range of areas.

I am wondering if you have any suggestions about how successful at this point we are on getting an early opportunity to express our concerns, our views, our elements of contention with the European Union and what might be suggested as a better method for us to have an involvement at an early stage.

Mr. RIES. Mr. Chairman, I was privileged, when I was in Brussels, to have sat in on a couple of your visits, and, first of all, one important factor in terms of helping us have that early input into the development of their policies and bringing our perspectives to bear is an engagement of Members of Congress. Visits such as your own, the transatlantic legislators' dialogue, the efforts of Members of this body and the other body to travel to Europe to talk to European parliamentarians and leaders also can reinforce our efforts and can give it extra legitimacy.

They have the same concerns about our process, and when Members are willing to take the time to talk through the issues as we see them, it gives us the legitimacy to do exactly the same with them.

Mr. BEREUTER. I appreciate that, Mr. Secretary, but if I could ask you to direct how the mission itself can have an impact and whether it is adequate, whether it can follow all of the separate institutions of the European Union today, including, for example, the Parliament.

Mr. RIES. Well, we have been experimenting with various ways of doing that. We have beefed up our mission in Brussels successively. Since my day there, it is another 50 percent larger than it was then, and we have experimented with different ways of covering the European Parliament. We used to have a so-called "Parliament watcher," who would try and cover the entire Parliament.

That was obviously a bad idea because it is just so large and so much happening at once. We now have every substantive officer on mission in Brussels cover a particular field, their own field, in the Parliament. They cover the committees, they have input to the staff, and that is working much, much better. I, Beth Jones, and others of us, Al Larson, when we travel to Brussels, we actually reach out to the Parliament, and that is working much better.

One sort of aphorism about policy in Brussels is that policy is actually not made in Brussels. Policy is captured in Brussels; it is made in the member-state capitals. And so what we have done in our diplomatic side is we have built a network of the 15, soon-to-be 25, member-state Embassies, and the officers in those Embassies that work substantive issues, they coordinate and communicate horizontally during the morning, when we are all asleep, to make sure that they are up to the minute on developments. We find, like in any policy process, that if you can actually bring things to the table, you can have influence. If you come to the European ministries and parliamentarians and just try and instruct them as to how the United States wishes to have the outcome, that is less effective. So we try to contribute actual facts and analyses that help them be more effective.

I might say that Carl, to my right, has been playing a very important role. He has pioneered a course in the European Union and we are asking every State Department officer going to a job in any Embassy of the 25 to take Carl's 2-week-long course. I speak to everyone in the courses, and we are taking increasingly the other agency representatives as well and training them up because, as you well know, to be effective in the EU, you need to understand their system.

Mr. BEREUTER. Thank you very much. I have heard about that course, Dr. Lankowski. It sounds like an excellent idea. Now, you know a lot about the structure, but do you have any suggestions about how we, beyond what we have done, structure our own involvement in the activities of the European Union since we are, of course, not a member?

Mr. LANKOWSKI. Mr. Chairman, I would only add that we have been, I think, productively engaged with the EU since the new transatlantic agenda was launched on a number of areas, including the so-called "civil society dialogues," where our business people come together and exchange ideas in preparation for dealing with the Europeans. The same had been true also with regard to other civil society elements, consumer groups, and my esteemed colleague has already mentioned the legislators' dialogue. All of these things, I think, are important in sensitizing the Europeans to our interests and our aims.

Mr. BEREUTER. Thank you. I would like now to turn to Mr. Wexler for comments or questions he may have.

Mr. WEXLER. If I could address myself first to Secretary Ries, in almost every European dialogue the Chairman mentioned, the common thread of advice that is offered to us, whether it comes from our allies in England or from our allies in central Europe, that, for the most part, supported American actions in Iraq or whether it is coming from our allies in Germany or France, we hear the same thing over and over again in terms of future transatlantic relations,

that it is the responsibility of the United States to help and that responsibility lies primarily in our acting less on a unilateral basis and more on the basis of assuagement as it relates to leadership.

It concerns me, and I say with the preface that I understand that you are not the architect of American policy in terms of the construction or reconstruction of Iraq, and I also preface it with the understanding that the State Department, to a certain degree, its advice has not been followed at times, but your central conclusion that—if I misunderstood what you said, correct me—we are largely through that time, meaning we are largely through that time of strain, I think, ignores the fact that, as we see today, the Bush Administration continues to make decisions relating to the construction or reconstruction of Iraq that dramatically impacts on the inability of people like yourself to help begin to reduce the strain.

These issues unfortunately are inseparable in the eyes of many. The issue that still affects the transatlantic relationship more than anything else is the relationship regarding Iraq. How do we get beyond this Administration's failure to this day? I understand what we have done with Poland. I understand that we may have reached out now to Turkey. I know that our troops go to NATO, not the European Union, but we still haven't engaged with the Germans or the French or the Italians in terms of specific provision of unity in Iraq.

So how do we marry the Administration's failure to engage Europe as a whole with respect to the reconstruction of Iraq when your conclusion is that we are largely through that time because I don't think our friends in Europe share it?

Mr. RIES. Congressman, let me—

Mr. WEXLER. That is not a personal indictment as to you. Please understand that.

Mr. RIES. I understand. Thank you, sir.

My comment about the strains with respect to Iraq related to the differences that we had over the merits of initiating military action. We certainly, during the period of time between October and March, the Secretary of State and many, many American Government officials, including the President, spent a lot of time trying to convince European Governments, including the Governments of France and Germany, of the merits of the case for action.

Since that time, we have been spending time. We have been reaching out to European Governments to engage them in the post-war process. We welcomed very much the very early engagement of the European Commission's humanitarian operation in relieving the immediate humanitarian problems in the post-war. The European Union, collectively, and important member states have been joining us in discussing how to construct a larger reconstruction effort for Iraq.

Chris Patton, the Commissioner for Foreign Relations of the European Commission, was here last week and met with the Secretary, met with others in the Administration. There is discussion. There was a meeting just before the U.S.-EU summit in New York, hosted by the U.N., to talk about bringing together an international presence, international support, for reconstruction in Iraq. The Secretary General, of course, has a representative there. The former Polish deputy prime minister has been asked by Amba-



sador Bremer to coordinate international humanitarian assistance. There is talk of setting up a trust fund, which would allow Europeans and others to put money into the support of urgent Iraqi development and reconstruction projects.

So there is actually quite a lot going on. We have found our European allies willing to talk and willing to back those discussions up by the promises of money, and I think you will see much more of this in the early fall.

In addition to the Poles, a number of other countries, including Italy, have, as they say in the Defense Department, “boots on the ground” in assistance in stability forces in Iraq. It is something that we are all cognizant of the difficulties, and we are in dialogue with the Europeans about how to do it as best we can.

Mr. WEXLER. If I could just follow up for 10 seconds, I very much appreciate that answer, and I know it is a very genuine answer, but I think, in fairness, when you say “the difficulties,” and they are, in fact, difficult, had this Administration done this planning consistent or at the same time as the planning of the war, I would argue that our transatlantic relations today would be far more advanced than they are now, and I will just leave it at that, but I very much appreciate your response.

Mr. BEREUTER. Mr. Delahunt, the gentleman from Massachusetts.

Mr. DELAHUNT. Yes. Thank you, Secretary and Dr. Lankowski.

Clearly, the Iraq issue, as you have described, is the centerpiece of this moment in history; and, therefore, there is a relationship that is somewhat strained. But for a moment, look forward—I pose this for both of you—look forward 15 years and then maybe 25 years. What will the EU look like in your considered judgment at that point in time? What will the structure look like? Will it be different? Will there be an increasing cessation of sovereignty to the EU? I would be interested in your speculation.

Mr. LANKOWSKI. Why don't I take a crack at that? It is always difficult, of course, to see even beyond the next 2 or 3 years, let alone—

Mr. DELAHUNT. I have trouble with the next day, but, you know, this is a fun question.

Mr. LANKOWSKI. I will rise to the occasion. I think the place to begin is by just recalling that the nation-state is a relatively recent invention, to begin with. It hasn't always been around, and when I say “relatively recent,” I am talking in the large historical framework. It has been around in something like its recognizable form today for maybe 300 years, but in the 20th century the European state system collapsed on itself. It collapsed because it wasn't able to manage the rivalries between its members. That organization of political life did not work in Europe, and so the Europeans have moved beyond that form of political organization in their own enlightened self-interest, and this has been a resounding success.

Where we go from here is a matter of the art of the possible. It is a political matter, and there are different visions of where to take it. I refer to three major speeches that were made in the year 2000 as the leadership of the member states of the EU were beginning to consider what next for the EU.

The first was given by the foreign minister of Germany, Mr. Fischer, who looked forward to a kind of United States of Europe, a Federal Europe. A second one embraced a Europe of fatherlands, in which the larger powers would more or less steer Europe, the continent, through all of its challenges in the coming years. That was the French intervention by President Chirac. And the third, offered by our friends, the British. Prime Minister Blair, speaking at the Warsaw Stock Exchange in October 1990, called for a European super power, by which he meant an economic entity but not a super state. I think the outcome will be probably more like the latter rather than the former.

Mr. DELAHUNT. Do you think there will be a significant difference between Year 15 and Year 25? Rather than listening, and I respect the fact that obviously European leaders will make statements as this process evolves over time, but I was struck the other day, just reading about the generational differences among Europeans. The younger generation, during the course of interviews, and I think this was in the *Boston Globe*, consistently described their own sense of self, which was, "I feel like a European," and I dare say that with that being articulated in that way, we are really looking at a different Europe, 15, 25 years down the line.

I have another question, but I will wait until the second round. I yield.

Mr. BEREUTER. Thank you. I regret that I need to leave the hearing at this point for another markup. I am going to turn the chair over to Mr. Wexler, and please then proceed, Mr. Delahunt, with the response to your questions.

Mr. RIES. Can I just make a comment on your very perceptive and obviously very-difficult-to-answer question? I recently served in the U.K., and I also noticed that even in Britain, the younger generation very much see themselves as Europeans, and I think that that is very true.

Part of the ideology of the European Union is a line in the Treaty of Rome that talks about "ever closer union," and that has been a fundamental precept of European integration to this point. I would observe, however, though, that there are, for the first time, really—this is sort of such a basic piece of the wisdom of Monnet and Schuman, it is now sometimes challenged in the context of the convention now.

Should we essentially say that this is the closest union we are going to have? And I would say that the future, the 15- and 25-year-out future, depends on the European Union solving what I would consider to be five central problems.

One, the small-state/large-state problem, which is fundamental to the convention right now.

Two: They have to be able to foster economic prosperity and to deal with the very, very serious demographic challenges that they face, much more so than even the United States faces. Three: They have to deal with the problem that goes, in Brussels' term, as the "democratic deficit." The feeling of isolation between European voters and Brussels' decision-making is palpable when you travel around Europe, and they don't have that for their own national decision-making, which is why people look to national governments to

save their main national concerns. You can think about the French and agriculture or the Spanish and fishing and whatnot.

Fourth: They need to figure out the solution to the international-presence problem. Large countries, like France and Germany and the U.K., have to decide if they are going to actually give up their chairs in places like the U.N. Security Council, the G-7, for an EU seat because it is hard to imagine this big, more coherent EU that still has all of these different chairs.

And, finally, they have to define the borders of Europe, and they will have a hard time having more integration without a sense of where the polity ends, and that means a decision as to exactly how many countries will be ultimately invited and accepted into the European Union, and when do they draw the line?

Mr. DELAHUNT. That also, presumably, would include the issue of Russia and Russia's role.

Mr. RIES. The relations with Russia are, of course, a challenge for us as well as for them.

Mr. DELAHUNT. That is a very fascinating road map, Mr. Secretary. I appreciate the question.

Mr. WEXLER [presiding]. Ms. Lee from California, and I think we have been quite liberal with the time.

Ms. LEE. Thank you very much, Mr. Chairman. Let me thank the witnesses for being here. I apologize for not being here earlier to listen to your testimony. I hope that my questions will not be redundant. I am reading over your testimony now, and I don't see any answers to these questions.

So let me just ask you, first of all, in terms of how our policy decisions affect our relationship with the EU and with European countries, let me just ask you how changing French fries and "freedom toast" here in Congress, French fries to "freedom fries" and French toast to "freedom toast," what message does that send to France, and how does this enhance our relationship in terms of moving forward on the major policy decisions and major relationship development that we need to work on? Let me ask the Assistant Secretary that question. Thank you.

Mr. RIES. Thank you very much, Congresswoman. I actually think that the French are very sophisticated about American politics. They didn't take the month or 2 months after the U.N. Security Council differences all that seriously. They are concerned that, in some fashion, we might make a fundamental change in the way that we dealt with France over time, but the reactions in the popular press, the immediate unpopularity of things French, didn't concern them quite as much as the more fundamental issues.

This is the same thing that we see in Europe. There is actually quite a bit of anti-Americanism in Europe. McDonald's franchises, for example, are often the target of protestors upset about one thing or another but not really at McDonald's. We find that once you get through those immediate reactions, the basic interests and basic and fundamental relationships reassert themselves.

Ms. LEE. So I guess "freedom toast" and "freedom fries" are here to stay—

Mr. RIES. Congresswoman, I am reluctant to comment on things that are done—

Ms. LEE [continuing]. In the United States House of Representatives.

Mr. RIES. That is correct.

Ms. LEE. Let me ask you with regard, then, to probably more important policy decisions as it relates to the abandonment, for instance, of the Kyoto Protocol, the refusal to support the International Criminal Court, the decision to withdraw international inspectors as it relates to going to war against Iraq, trade questions, if you take each one of these policy decisions, these, for the most part, unilateral actions, how does that affect our long-term relationship, and how does it help us rebuild as it relates to the immediate crisis that we are facing in terms of the involvement of Europe more in the reconstruction of Iraq?

Mr. RIES. Well, obviously, Congresswoman, if we agreed on all of these issues, my job would be a lot easier. My job is to explain to European Governments largely, but also the European publics when we travel and we talk to the press and we talk to academics and leaders, why it is that we have taken the decisions that we have. This Administration has taken some decisions that the European Governments don't agree with, but the last Administration did as well, and every United States Administration doesn't agree with Europe on everything, and our task is to present the facts and to present them in such a way and in as compelling a manner as we can.

I think, before you came in, we were talking about how we actually do that in terms of utilization of all of the ways of talking to Europeans, but we have found that with European Governments and the European people that an explanation of our reasoning and advanced word of how we are reacting to something, how we are tending, makes it a lot easier to manage difficulties.

We have found, for example, with the International Criminal Court, this Administration and, indeed, the previous Administration had serious problems with the structure of the International Criminal Court, and we began a dialogue with the European Union previous to the entry into force of the Rome statute, the International Criminal Court. And we began a campaign in Europe to have so-called "nonsurrender agreements," which would allow for the prosecution, if necessary, of American citizens who are accused of war crimes in United States courts, and we have discussed this with a number of countries all over the world, including with the European Union countries. And the European Union's initial reaction to these so-called "article 98 agreements" was, oh, no, they would undermine the ICC on the face of it, even though "article 98" refers to article 98 of the ICC itself.

After a lot of discussion in the summer of 2002, the European Union agreed, in September 2002, that individual member states could actually do article 98 agreements with the United States based on a series of conditions or a series of specifics that they thought were important. I consider this, actually, a substantial step forward because we are able to talk about the substance of the issue rather than how it was portrayed as for or against the international community. It is accurate that we have not reached any such agreements with the European Union or its recent accession countries, but we continue to dialogue with them.

Ms. LEE. Thank you, Mr. Chairman. Thank you for your response.

Mr. WEXLER. If I maybe could just follow quickly. In response to Mr. Delahunt, you outlined what I thought was, in fact, very interesting, five points in terms of future relations or future criteria of what those relationships will be based upon. A number of us, over the July Fourth break, visited Cyprus. You did not mention specifically Cyprus, although that certainly can be a part of, I guess, the fifth part of the final borders of Europe, particularly as it relates to the Turkish Cypriots and the impact it will have on Turkey and Turkish-Greek relations.

I would be curious if you could, in the context of Cyprus, share with us what impact you believe the dilemma that may occur once Cyprus enters or Greek Cyprus enters without Turkish Cypriots into the European Union, what challenges that creates for American policy, and without going over the fundamentals of the conflict, because I think we all understand that, and without questioning the fundamentals of where American policy lies, I am comfortable to say that the fact that we support the United Nations' plan, and we support the Annan plan and the processes is a positive thing. But it seems to me, in my limited experience, having been to Cyprus just once, that we are not taking advantage of an opportunity, given the fact that the Greek Cypriots really have no incentive to do anything at this point—they are where they want to be—and the fact that President Denktash has said that he did not support the Annan plan but has offered other alternatives and so forth, the Greek Cypriots have unfortunately little incentive to engage in a serious discussion outside or in addition to the Annan plan.

What things can the United States do that we are possibly in a unique position to do different than our European allies that might create a new atmosphere in which the Turkish Cypriots can begin to engage in a more meaningful discussion with the United Nations? And I will stop with this. It seems to me that one of the things we could do that would be constructive to the process would be, on the issue of status, in listening to President Denktash when we were there, it seems to me one of the things the Turkish Cypriots desperately want is some degree of status, some degree or recognition, so that they can engage in a United Nations discussion or a United Nations negotiation from a position of equality rather than an inferior position.

I was wondering if you shared that view and, whether you do or you don't, what suggestions you might have on the role the United States can play so as to avoid a Turkish-Greek debacle or an unnecessary division within the European Union regarding Cyprus once the Greek Cypriots enter.

Mr. RIES. Thank you, Congressman. I also was recently in Cyprus. I was in Cyprus in May, and I must say that it is an amazing place to visit. It was like, in a sense, going to Berlin right after the wall opened up, in that there was this engagement of the two parts of the island that had not had much exposure to each other for a very long time, and it is heartening that, at the level of the ordinary citizen, Cypriots, as far as I could tell, both Greek Cypriots and Turkish Cypriots, actually were curious and positive and inter-

ested in their compatriots and their welfare and whereabouts, and it does lead to optimism that if the right political formulas can be worked out, a solution can be found.

We had had considerable hopes that the invitation to Cyprus to join the European Union and the Turkish interest in getting a date for the initiation of their accession negotiations could somehow come together in a way to advance or even be the precipitant force to bring about a settlement last year. As you know, my good friend, our Ambassador, Tom Weston, worked tirelessly during the year to try and take advantage of that predictable collection of events to try and bring about the settlement of this very longstanding problem. And Secretary General Annan's plan was part of that vision.

It didn't work out. It didn't work out for a variety of reasons, probably not useful to go into in this forum, but that does not mean that the conflict has now become once again frozen. I think that there are new possibilities for a settlement of the status of both sides of the island, and it can allow the Turkish Cypriot communities to take advantage of the very real, economic growth potential that comes with EU membership.

The Administration actually is working very closely with the European Union, with the European Commission, and with David Hanet from the British Government to try to put together all of those pieces. The question of status for the Turkish Cypriot community has always been one that has been at the core of the differences between the Turkish and Greek sides of that island, and I think that the formula that has been put together by Secretary General Annan and has been worked on and worked by Ambassador Weston is the way we see prospects forward. But I think that Tom will be continuing to work on this problem in the fall and that the opening of travel between the two halves of the island gives the possibility of real political support to leaders on both sides who have the courage to look beyond past ways of dealing with the problem toward a better future.

Mr. WEXLER. If my colleagues would just permit me one quick follow-up, can you share with me what, at this point in time, what is the justification or the rationale for the United States continuing to adhere to the economic boycott of the Turkish side of Cyprus, what is the rationale that supports that adherence to the trade embargo?

Mr. RIES. Congressman, I think I would have to get you that for the record. I am loathe to wade in and try to find something on something of such sensitivity.

[The information referred to follows:]

QUESTION SUBMITTED FOR THE RECORD TO THE HONORABLE CHARLES R. RIES, PRINCIPAL DEPUTY ASSISTANT SECRETARY, BUREAU OF EUROPEAN AND EURASIAN AFFAIRS, U.S. DEPARTMENT OF STATE, BY THE HONORABLE ROBERT WEXLER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA, AND Mr. RIES' RESPONSE

*Question:*

*What is the justification or the rationale for the United States continuing to adhere to the economic boycott of the Turkish side of Cyprus? What is the rationale that supports that adherence to the trade embargo?*

*Answer:*

What is often erroneously described or characterized as an embargo or embargoes on northern Cyprus are in fact the actions of a number of international actors, in-

cluding the United States, that are in accordance with rulings by European and other courts and decisions by many international organizations. These rulings and decisions, as well as the policies of other countries around the world, result from the premise that the Republic of Cyprus is the only internationally recognized government on Cyprus. It continues to be the policy of the United States also that the Republic of Cyprus is the only internationally recognized government on Cyprus. Accordingly, U.S. actions continue to adhere to this policy and the relevant rulings by the European and other courts and relevant decisions by international organizations.

Mr. WEXLER. My friend, Mr. Delahunt, says it is like the embargo in Cuba, which is a fair response, except that Mr. Denktash is not Fidel Castro. Mr. Delahunt?

Mr. DELAHUNT. To just pick up on the line of the earlier round of questions that were posed by Mr. Wexler in terms of this current tension, it is just my own observation that I think it is more style than substance, as my friend from California, Ms. Lee, suggested, freedom fries and those little silly things that occasionally we do around here.

But I do think it is important that we remember the words of Tony Blair, and I guess I am speaking to the executive in the larger sense, that while he admonished Europeans that they really should deal with an anti-Americanism sentiment that sometimes is disguised as part of the political discourse, that Americans need to persuade rather than command, and I really do think that we will get past that. We don't really have much of a choice.

But I would make the observation also that while we might have some Governments, such as Italy, Spain, that did support us during the war in Iraq, the reality is, the polling data, I think, pretty well establishes that the overwhelming sentiment within those nations is not favorably disposed or was clearly not supportive of their governments' action. I think if we indulged in some appropriate public diplomacy, it could be beneficial.

I want to get back to an earlier question, by the Chair, Mr. Be-reuter. As the relationship with the EU evolves over time, and I think it was you, Mr. Secretary, that talked about parliament-to-parliament relationships, it very well could be worthy of some thought and some discussion about establishing a permanent mechanism, maybe even having a staff representing the United States Congress, you know, in some sort of a permanent status with the EU to, in some ways, reflect the mood and the sentiment of Congress.

I always find it interesting when heads of state or foreign ministers come to this country. You know, after they leave, I think they begin to understand that we are not monolithic in our own opinions here. Clearly, there was great diversity as far as Iraq is concerned. The majority of Democrats voted against the resolution. I think that is important, to be part of a larger picture of the United States for Europeans because, while you said that the French are sophisticated, I really wonder if the process of osmosis, in terms of their society, really if that would be an accurate statement.

To go back to my original point, it might be the time to begin to discuss having a representation on a permanent basis of the United States Congress, the House and the Senate, present in Europe to deal with many issues that really require consultation. I be-

lieve it is the future in terms of our relationship within this hemisphere with Latin America because parliaments in different states have different roles, but I think it is one that would be a very cheap investment and could possibly foster a better rapport among nations and, in this case, among the United States and the EU. Any comment?

Mr. RIES. Yes, Congressman. The Executive Branch strongly encourages the Congress to get involved in U.S.-EU relations. We support travel by Members, travel by staff. We work very closely with the staff of this Committee and the staff of other Committees to make sure that you have the facts about what things are happening. Our Ambassadors, as you know, bend over backwards to set up good programs for you. We think that there cannot be too much interchange and engagement with our European friends and allies, that you are, in many ways, very, very effective Ambassadors for the United States of America.

Mr. WEXLER. We could still consider taking that next step with EU representatives.

Mr. RIES. I understand the question. I would want to think about it and how we could do it. I certainly would encourage you to think of our Embassies as your permanent mechanism. They are our ground troops everywhere in Europe and, for that matter, around the world, and we are more than willing to help you out in terms of figuring out and getting your views across, and that goes for Members from both sides of the aisle. We see ourselves as representing the diversity of American opinion while advancing American foreign policy.

Mr. DELAHUNT. I agree with that process in principle. What I am talking about is establishing a mechanism between parliaments, and the ability to exchange ideas at that point, I think, really because the mechanism would be independent of the Executive Branch because we do value our independence.

Mr. RIES. Sure, as you should. The main constraint, as I understand it, on the parliamentary interchange is the schedule in this body, your few recesses that allow you to travel.

Mr. DELAHUNT. I am getting to the point where we could send Mr. Morelli and others over there. Is he shaking head yes or no? I understand that it is our schedule that presents problems, even on a rotating basis.

This has been my experience. I recently brought to my district some 30 members of the Venezuela National Assembly, 15 supportive of the government and 15 in opposition, and it is a very, very positive experience, and I think the relationships that develop will hopefully move forward not just our bilateral relationship but will help address some of the problems in that country. But if you have that permanent mechanism, as a rule, legislative to legislative, the ability to get into the trenches, if you will, and establish personal relationships among parliamentarians, usually Embassies don't have that ability oftentimes, particularly when you have diversity of parties, particularly parties that are in opposition.

Ms. LEE. Thank you, Mr. Chairman. Let me ask you a couple of questions as it relates to genetically altered food. I notice in your testimony, and this is to the Assistant Secretary, you talk a little bit about the EU's proposed traceability and labeling rules and how



these rules are onerous, the goal being, or at least the result would be, to stigmatize biotech products.

Now, as a Member of the Subcommittee on Africa, of course, this is an issue that is out there looming. The famine, of course, is growing in many countries in Africa, and I am just wondering about our position as it relates just to labeling, why this is seen as an onerous requirement, and why it is perceived as the outcome being to stigmatize biotech products rather than providing information to those who purchase this as just the basic kinds of information they need to make decisions on whether they want to buy it or not.

Mr. RIES. Thank you. Let me try and explain. I am, of course, not the world's expert on genetically modified or biotech crops, although I have worked on the issue for a while, including my service in England, where it was a very big issue.

The problem on labeling arises from two difficulties. One is once you have a label, it requires the segregation of what is a commodity product, so you have soybeans or you have corn, which are sold and transported in elevators, in hopper cars, and big, bulk-carrier ships, and if you require the labeling and the segregation of what is, by all scientific evidence, a totally safe product, it adds additional costs and problems. And so one level of concern has been over that.

The second level that relates specifically to the traceability and labeling proposal as it is being considered in the European Union now relates to at what level of product processing do you label, and I think that is most easily grasped with respect to oils. You have soybean oil or sunflower seed oil or these other kinds of food-edible oils that are made by the processing of the commodity. Now, in the processing, the genetic material of the plant is destroyed, and so, in the oil, you cannot test to see whether or not a claim that there is no biotech or, for that matter, that it is entirely biotech, is true or false.

And so if you have a label with no ability to verify the claim and whether the claim is accurate or not, you leave the road open to fraud, and the fraud possibility is much worse to the extent that there is a price distinction between the two commodities.

The result of this is there have been already problems in Europe in other areas of agriculture relating to fraud in feeds, and they have had the BSE problems, all of which have related to keeping channels of food separate. We think that the better approach is to do a product-by-product, pervasive, scientific review of the safety of the products, and if they are safe, allow them to be brought into regular commerce. And if you want, for whatever reasons, to be able to have a choice of food that is nonbiotech, then the person who wants that, just as a person who was willing to pay more for organic product, ought to have that choice in a segregated but essentially smaller supply channel.

Ms. LEE. How do you make that choice, again, if it is not labeled, going back to labeling requirements?

Mr. RIES. We are prepared to see labeling of nonbiotech commodities, but when you have to ascertain the level of biotech commodity in every single commodity throughout the food chain, you

are basically imposing the costs of segregation on everyone, even those who don't care.

Ms. LEE. Okay. Let me just try to understand this a bit. In terms of segregation, the EU is proposing that products that have been genetically altered say that on their labels. Right?

Mr. RIES. The EU is proposing that, yes.

Ms. LEE. Now, to make a decision whether or not one would want to purchase, whether they are safe or not, assuming they are safe, many would like to know that that is what they are purchasing. I still don't understand this issue as it relates to our position on it, why we would oppose that if, in fact,—I don't see where they are preventing additional costs. They could require these products to cost more to make up the cost of some of the labeling charges, but what I am getting at is why would we oppose that rather than trying to figure out a way to ensure that the labeling moves forward where everyone wins?

Mr. RIES. Well, in the first instance, the European Union, since 1998, has not even looked at any biotech products, so there are very few options. There are very few biotech products, only the seven or eight that were approved prior to 1998, which are legal to circulate in Europe at all.

The proposal that is being considered is a proposal that is thought to allow for the approval of new products, although the jury is still out, in that it is still extremely politically controversial, and it is not clear, even with these laws, that additional products would be approved.

American agriculture has largely adopted biotech commodities, and 60 or so percent of our corn product, for example, is based on this technology, which allows the cultivation of these products with lower herbicides and pesticides and so forth. If you require the treatment of American corn as if it is a dangerous product that needs to be segregated and documented at every stage of the process, that increases the cost of American corn and its ability to be sold in Europe.

Ms. LEE. But the assumption is that it is dangerous, and I am not saying that. I am just saying that it is what it is, and why do we oppose labeling something that is what it is? Why do we assume that that is going to stigmatize it rather than assume people would just have more information to make a decision?

Mr. RIES. I think one can look at the motives of those who are arguing for this label. They also believe that biotech commodities are not a good thing, and they seek to put the fact that a product has biotech commodities within it as a way of stigmatizing it. That is their objective.

Ms. LEE. So we are looking at motives as we pose this versus—

Mr. RIES. We are interested in market access. We would like to sell American corn in Europe, and these measures have the effect of reducing the market for healthy and nutritious, American-exported, agricultural commodities.

Ms. LEE. We don't have a labeling requirement in this country. People buy corn every day and don't know that most of it has been altered in some way. Is that correct?

Mr. RIES. I think so. That is out of the field of foreign affairs, but I believe that is right.

Ms. LEE. Okay. Thank you very much. Thank you for your answer.

Mr. WEXLER. On behalf of Chairman Bereuter, myself, Ms. Lee, and Mr. Delahunt, we very much would like to thank both gentlemen for your time. I think we have found this to be extremely informative, and we very much appreciate the energy that you have given to this Subcommittee, and with that, I think the Subcommittee is adjourned. Thank you again.

[Whereupon, at 11:35 a.m., the Subcommittee was adjourned.]

