Question time: Strengthening transatlantic ties in a challenging multilateral world

Transatlantic ties have seen a considerable boost since Joe Biden became the 46th US President in 2021, with the US re-embracing multilateralism to varying degrees as a means to tackle multiple crises such as climate change, global food insecurity, strategic competition with China, and Russia's war of aggression against Ukraine. However, challenges in the transatlantic relationship have remained, as the EU and the US have chosen different means to achieve their climate change targets, to address supply chain vulnerabilities and to ensure their global competitive edge, with both legislating in line with the constraints of their political economies. Issues linked to these challenges and the coordination of the EU and the US approaches to China and their response to China's potential delivery of lethal weapons to Russia, if there were evidence of this, were on the agenda of recent EU-US meetings. Commission Vice-President Valdis Dombrovskis met US Treasury Secretary Janet Yellen on 2 March, and Commission President Ursula von der Leyen and President Biden then met on 10 March 2023.

EU-US coordination on security and defence
Under the Biden administration, transatlantic coordination on security and defence issues has been institutionalised through regular meetings of a new high-level dialogue on security and defence. That is complemented by a set of other new high-level dialogues and consultations on the Indo-Pacific, China and Russia, and by the 2014 high-level US-EU Cyber Dialogue, that also carry a security dimension. On 6 February 2023, the Council approved the draft administrative arrangement between the European Defence Agency (EDA) and the US Department of Defense (US DoD) to set up a forum for exchange and dialogue, including on military mobility and supply chain issues. In 2021, the US joined the Permanent Structured Cooperation (PESCO) military mobility project that aims to move troops more quickly across Europe. However, it remains to be seen how the US will respond to the European defence industrial development programme (EDIDP), including the EU’s ambition to reduce the 60% share of its purchases of military capabilities from third countries, considering that the US has lobbied strongly in the past for its defence industry.

In response to Russia’s war of aggression, the Biden administration has built a coalition of nations from the Atlantic to the Pacific, to support Ukraine and to impose sanctions on Russia and isolate it internationally. It has secured continued support for Ukraine at home, with the US Congress having authorised roughly US$130 billion in military, economic and humanitarian assistance for Ukraine by the beginning of 2023. Moreover, the US has coordinated a collective NATO response to Russia’s invasion of Ukraine, not least by deploying additional troops to Europe, while making it clear that the alliance is not a co-belligerent. The US initiated the Ukraine Defence Contact Group (UDCG), i.e. US talks with allies inside and outside NATO, hosted at the Ramstein Air Base in Germany to coordinate support for Ukraine’s defence capabilities. Under the auspices of the UDCG, for example the US and the Netherlands partnered to finance the transfer of 90 overhauled T-72B main battle tanks from the inventory of the Czech defence industry to Ukraine for a total value of about US$90 million to further enhance Ukraine’s proficient armoured warfare capabilities. In February 2023, President Biden, despite major security risks, made a surprise trip to Kyiv to convey to President Zelenskyy the US's ironclad commitment to supporting Ukraine. He repeated this commitment in a public speech in Warsaw, before meeting the Bucharest Nine Eastern Flank NATO Allies along with NATO Secretary-General Jens Stoltenberg to underscore the US's commitment to transatlantic security.

EU-US coordination on sanctions against Russia
The majority of observers agree that the war in Ukraine has brought more transatlantic unity in the face of the common threat and has made ongoing cooperation on sanctions a tangible expression of EU-US solidarity. From the onset of the invasion, US sanctions have been coordinated with those of the European Union on the basis of the contacts established under the EU-US Trade and Technology Council (TTC). While
many of the EU sanctions, such as export controls and sectoral sanctions, are either identical or similar to US sanctions and imposed in coordinated waves, there are some differences in terms of scope (for example, on depth of investment bans and the entries on lists of designated individuals and entities). A notable example of joint action involves the blocking of Russian financial institutions’ access to the global SWIFT payment system. Furthermore, the allies have cooperated regularly within the framework of the G7, announcing the deployment of new waves of sanctions at least nine times. Transatlantic cooperation was indeed pivotal in reaching the September 2022 agreement on the G7 price cap on Russian oil exports and in launching the Russian Elites, Proxies, and Oligarchs (REPO) task force in February 2022.

EU-US coordination on trade and technology
The TTC, which consists of 10 working groups and which has met three times as of March 2023, has become the major tool for transatlantic coordination on new trade and technology issues, including supply chain resilience. Legacy trade irritants, e.g. the Airbus/Boeing subsidies and the Trump-era steel and aluminium tariffs, were tackled with temporary solutions in 2021 outside the TTC, but final solutions are still pending. Moreover, the EU and US do not entirely see eye-to-eye on some Word Trade Organization (WTO) issues, including the national security exception. A dedicated TTC task force was set up to discuss the emerging US implementation rules for the Inflation Reduction Act (IRA) that the US Congress passed and President Biden signed into law in 2022. The IRA provides historic funding for greater federal action on climate change and on addressing some of the administration’s commitments on environmental justice. The nearly US$369 billion worth of clean energy and climate incentives include provisions on supply chains for clean vehicles, including electric vehicles and hydrogen fuel cell vehicles. The EU has welcomed the decisive steps the US has taken towards the decarbonisation of its economy, as they have positive spill-over effects on EU-US cooperation on climate change and energy relations, but it has major concerns about the eligibility rules for the IRA’s subsidies that are conditional on local content requirements (for components and raw materials) and on final assembly requirements in North America and that are problematic under WTO law. The EU is concerned about the IRA’s potential to trigger a transatlantic subsidies race and about the risk of investment in EU green technologies being redirected to the US as a result of the IRA’s pull effect. Under the IRA, EU companies would not be eligible for the law’s subsidies, since the EU has no free trade agreements with the US. While a partial solution for commercial vehicles has been found, a broader solution, such as the possibility of securing privileged status for the EU on raw materials, is still in the making.

EU-US coordination on energy security
In March 2022, the EU announced the creation of a joint US-EU Task Force on Energy Security to diversify EU liquefied natural gas (LNG), reduce EU demand for Russian natural gas imports, and help improve Europe's overall energy efficiency. The joint readout of the task force’s November 2022 meeting states that the US pledge to increase LNG supplies to the EU by 15 billion cubic metres (bcm) in 2022 compared to 2021 was surpassed by October 2022. For 2023, an additional 50 bcm compared to 2021 are envisaged. EU-US cooperation on energy more broadly has taken shape since 2009 under the EU-US Energy Council.

EU-US coordination in multilateral organisations on Russia's war of aggression
Only hours before the war in Ukraine entered its second year on 23 February 2023, the EU and US garnered the support of 141 members of the UN General Assembly (UNGA) to adopt a resolution calling for an end to the war and for Russia’s withdrawal from Ukraine. On 2 March 2022, the US and EU Member States voted for a UNGA resolution with a similar text supported by 141 countries. On 7 April 2022, the US and EU Member States were part of 93 countries voting in favour of the UNGA resolution to suspend Russia from the UN’s Human Rights Council. In October 2022, the US and EU Member States garnered 143 UNGA votes to reject Russia’s attempted annexation of Ukrainian territory and to uphold Ukraine’s sovereignty and territorial integrity. On 14 November 2022, the US and the EU Member States were among 94 countries voting for a resolution that calls for Russia to pay war reparations to Ukraine. At the WTO, the US joined the EU and 12 other members in declaring on 14 March 2022 that they would cease to grant Russia WTO-derived trade privileges and discontinue work towards Belarus’s WTO accession. On 12 June 2022, at the 12th WTO Ministerial Conference, the US and the EU co-signed a joint declaration in support of Ukraine.