IN-DEPTH ANALYSIS

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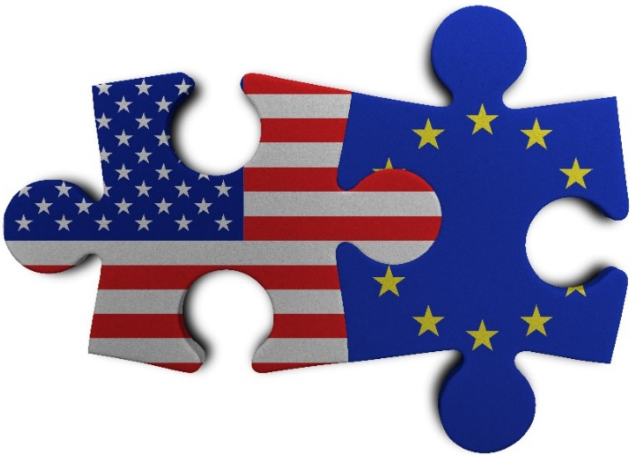
# No way back: Why the transatlantic future needs a stronger EU



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# No way back: Why the transatlantic future needs a stronger EU


## ABSTRACT

There is no way back for transatlantic politics; in recent years it has suffered severe setbacks that cannot be undone. Although the Biden win promises opportunities for EU-US cooperation, the EU's drive for strategic autonomy will not stop here. It is high time to look afresh at the very foundations of the transatlantic partnership, in light of not only the politics of today, but also the structural trends in the global balance of power and the lasting institutional ties between the two continents. Above all, the transatlantic future needs a stronger EU.

For this to happen, the following issues should be given priority: i) dealing with an increasingly assertive China; ii) gaining more from transatlantic trade relations; iii) safeguarding the benefits of NATO and multilateral institutions like the WTO; iv) battling disinformation and other hybrid threats; and v) reinvigorating cooperation over climate change and global health. Because understanding of and trust in US intelligence and foreign policy positions has been eroded, a 'thickening' of transatlantic dialogue structures, including among elected representatives, should be pursued. This could include staff exchanges, track-two dialogues with think tanks and civil society, and an increased frequency of the Transatlantic Legislators Dialogue, possibly supplemented with more subordinate bodies on specific issues, such as dealing with China.



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# Executive summary

There is no way back for transatlantic politics. During the Trump years it suffered severe setbacks that cannot be undone. Whether it be the final collapse of the Transatlantic Trade and Investment Partnership (TTIP), the ongoing Airbus-Boeing dispute, the United States (US) retreat from the Paris Agreement or escalations in Sino-US rivalry, the transatlantic relationship has undergone and is undergoing fundamental change.

Rhetoric and interests ought to be distinguished, however. Long-term developments demand that the EU and the US redesign, not give up on, the transatlantic partnership. Although the Biden win promises opportunities for EU-US cooperation, the EU's drive for strategic autonomy will not stop here. It is high time to look afresh at the very foundations of the transatlantic partnership, in light not only of the politics of today, but also of structural trends in the global balance of power and the lasting institutional ties between the two continents. Above all, the transatlantic future needs a stronger EU.

This paper asks the question, how do we move forward in transatlantic relations? It answers it by diving into four themes: trade, security, global challenges and the international order. For each, it starts by taking a step back and identifying a dominant structural trend driving change in this area, after which it weighs major points of dissensus, red lines and promising areas of convergence in the context of the long-term view. It ends by deducing the main building blocks with which a stronger EU could help renew the transatlantic partnership.

On **trade**, the dawn of Eurasia and the politicisation of commerce is the dominant long-term trend on which the EU and US need to see eye to eye. Transatlantic partners should jointly address China's unfair trade practices, and a common answer to the Belt and Road Initiative (BRI) is needed, for instance by means of the US joining the EU's connectivity strategy. However, it must also be remembered that the EU and the US have structurally different strategic outlooks on China. It may not be in the EU's interest to accept a total tech decoupling from China or a joint carbon border tax that targets Chinese imports. The economic aftermath of COVID-19 only adds to the importance of moving towards trade settlements to facilitate robust transatlantic trade. On taxing (usually US-based) tech giants, the EU is likely to go ahead, but hopefully in cooperation with the US where this is also subject to debate.

On **security**, the focus of transatlantic cooperation should be on tackling hybrid threats. The EU is split between those who think we need the US and those who think we should rapidly develop our own defence capacities. It is necessary to do both: upgrade the North Atlantic Treaty Organization (NATO) and invest in EU defence cooperation. Choices may be needed with regard to which military research and development (R&D) to invest in and if this has a transatlantic or European outlook. The US and the EU should work together in creating a global alliance of democracies that has a shared answer to the rise of authoritarianism and which facilitates cooperation in developing standards and norms to regulate the technologies that make hybrid threats possible.

On **global challenges**, the EU has become the frontrunner. Although the Biden administration holds much in store for cooperation in tackling **climate change** and **COVID-19**, trust in US leadership has been eroded. The EU should therefore not wait for the US but should continue to develop its own initiatives and policies in this field, with the hope of bringing along as many other countries as possible. It could use its market power and development funding more deliberately to accelerate efforts to combat climate change and counter health security risks. It should encourage the US to share renewables and health technologies once they are developed.

On the **international order**, the damage done in recent years is not likely to be undone overnight. President-elect Biden has strong foreign policy and transatlantic relations credentials and relevant networks in the many European capitals, but there is little backing in US society for an outward-looking administration. The EU should take the initiative more often and invite the US to team up in efforts to reform international bodies, such as the World Health Organization (WHO) and World Trade Organization (WTO), and develop new ones in fields such as space and cyberspace governance. With regard to relations with Iran, as with negotiations on the Joint Comprehensive Plan of Action (JCPOA), the European External Action Service (EEAS) should take the lead in opening up new talks. In the G20 and G7, which could be expanded to include Australia, Japan and South Korea, the US could take the lead to coordinate efforts in containing the pandemic, dealing with unsustainable debt levels that have emerged and abolishing fossil subsidies.

Because understanding of and trust in US intelligence and foreign policy positions has been eroded, a **'thickening' of transatlantic dialogue structures**, including these among elected representatives, should be pursued. A better understanding is needed of what drives different actors in the polarised US political landscape. This could include staff exchanges, track-two dialogues with think tanks and civil society, and an increased frequency of the Transatlantic Legislators Dialogue, possibly supplemented with more subordinate bodies on specific issues, such as dealing with China.

# 1 Tied and torn: why there is no way back for the transatlantic partnership

It would be a mistake to ascribe what happened to the transatlantic partnership in the past four years to the capriciousness of democratic politics. History seems to proclaim that the destinies of Europe and the United States of America (US) are tied, and yet the present finds us increasingly torn between loyalty and interests.

The European Union is growing up, as political entity and as a foreign policy actor. In the past, European Union (EU) foreign policy suffered from a 'what do the Americans think syndrome' (Keukeleire & MacNaughton, 2008). Conversely, the US stance towards Europe was best summed up in that famous quip Henry Kissinger never made (Rachman, 2009), 'Who do I call if I want to speak to Europe?' Now, the EU High Representative for Foreign Affairs and Security, Joseph Borrell, speaks of the 'Sinatra Doctrine' (Borrell J. , 2020a), in which the EU does geopolitics 'its own way'. In her 2020 State of the Union address, Commission President Von der Leyen pointed out that 'whatever may happen later this year, we are ready to build a new transatlantic agenda', adding emphasis on the EU's strategic autonomy. Borrell recently added: 'The world needs a US ready to listen and a Europe able to act.' (Borrell J. , 2020b)

Hence, it is high time to look afresh at the very foundations of the transatlantic relationship, in light not only of the politics of today, but also of structural trends in the global balance of power and the lasting institutional ties between the two continents. There is no easy way back for transatlantic politics. In recent years it has suffered severe setbacks and yet, this paper argues, most of the great strategic questions facing the two continents would benefit from a vision that reaches across the pond.

The US and the EU are both tied and torn. Rhetoric and interests ought to be distinguished, however: long-term developments demand that the EU and the US redesign, not give up on, the transatlantic partnership. The question remains, how do we move forward? Can we deduce from structural trends, major points of dissensus, red lines and promising areas of convergence the building blocks necessary for the EU to renew the transatlantic partnership?

Written in a time of seemingly ubiquitous volatility in global, US and EU politics, this paper aims to identify some key areas of dissensus and cooperation. It will do so by staging an interplay between the urgent, the visionary and the in-between, in the following order:

- Chapter 1 goes on to introduce the paper, discussing recent rifts in the transatlantic alliance and EU responses.
- Chapters 2, 3, 4 and 5 dive into specific themes, respectively trade (2), security (3), global crises (4) and the multilateral order (5). For each theme, the chapter (a) defines a long-term trend, (b) describes key areas of dissensus, and c) sketches the outlines of promising areas of convergence.
- Chapter 6 recommends specific courses of action to tackle crises to come and bolster institutional ties between the European Parliament and its US counterpart, Congress.

## 1.1 Demolition diplomacy: how four years of Trump changed the transatlantic partnership

Only a year before President Trump took office, his predecessor remarked during a speech in Hannover, Germany, the following:

… today, more than ever, a strong, united Europe remains, as Adenauer said, a necessity for all of us. It's a necessity for the United States, because Europe's security and prosperity are inherently indivisible from our own. We can't cut ourselves off from you. (Obama, 2016)

President Trump certainly did not feel similarly tied to Adenauer's adage. The foreign policy of his administration has consisted of a systematic demolition of US foundations beneath the international order. As its cornerstone, the Atlantic alliance too seems to lie among the rubble.

Already in 2017, when he was still President-elect and the world was still guessing what his foreign policy doctrine would be, Trump remarked that the North Atlantic Treaty Organization (NATO) had become 'obsolete', because it 'wasn't taking care of terror', adding that only five of the 28 member states were paying their share of NATO's bill, which he said was 'very unfair to the United States'. Moreover, he referred to the EU as 'basically a vehicle for Germany' and promised a quick trade deal with the post-Brexit United Kingdom (UK) (BBC, 2017). Right after he took office, Trump famously called Europe a 'foe', a statement grounded in his opinion that the trade imbalance between the US and the EU showed that the EU has 'taken advantage' of the US (Politico, 2018).

In 2017, Trump enacted what may turn out to be the most impactful foreign policy decision of his first term: he announced the US withdrawal from the Paris Agreement on climate change (Trump, 2017).[1] As a result, the EU Council decided in 2019 to consider 'the negotiating directives for the Transatlantic Trade and Investment Partnership [TTIP] … obsolete and no longer relevant', as it seeks to close major trade deals only with parties to the Paris Agreement (Council of the European Union, 2019).

In 2018, Trump withdrew the US from the Joint Comprehensive Plan of Action (JCPOA), which imposed restrictions on Iran's civilian nuclear enrichment programme. The EU, the United Nations (UN) and the US had committed to lifting sanctions on Iran; Trump reversed that decision on behalf of the US. When the US military killed the Iranian military commander Qasem Soleimani in January 2020, Iran halted most of its commitments to the JCPOA (Robinson & Laub, 2020)

In short, many if not most major foreign policy decisions made by Donald Trump severely affected the transatlantic alliance. This, in turn, has led to considerable changes in the way the European Union attempts to place itself on the world stage.

## 1.2 Divided we stand: China, COVID-19 and European strategic autonomy

In Europe, Trump's China policy sparked a renewed awareness of geopolitical strife and the risks of interdependency. This awareness is unlikely to waiver, as the strategic issues it drew European leaders' attention to are structural, as is China's pre-eminence in global power.

The fact is that the EU's economy relies heavily both on China and the US, and its digital economy is intricately connected to both Chinese and American technology. That is why the Sino-US trade war has become far more than a trade issue to the EU, as it has become so for many other countries (Dekker & Okano-Heijmans, 2019). It is a fact widely recognised that the trade war is part of a geopolitical struggle between two superpowers, in which, so far, the EU has played the uncomfortable role of playing ground, rather than player.

[1] The US formally withdrew from the agreement one day after the 2020 presidential elections, on 4th November.

The US push to isolate China's high-tech champions from global markets made this structural geopolitical issue urgent. Virtually every EU member state has either elected to ban Huawei systems from critical infrastructures, or is in the middle of walking a parliamentary and diplomatic tightrope towards a decision on this topic (Euractiv, 2020). The US decoupling strategy has awakened in the EU a renewed awareness that, although it shares deep historical ties and strong normative foundations with the US, it is in the EU's interests not to decouple from China, but to engage with it (Borrell J. , 2020c). With regard to the critical issue of 5G, China is in the lead, but the European Nokia and Ericsson provide alternatives that do not exist in the US.

The *Made in China 2025* White Paper, published by the State Council of the People's Republic of China's (PRC), lays out an ambitious plan to dominate ten high-tech industries worldwide. It directly affects European, and especially German, industrial interests, and forms another trigger for the EU to look at innovation and technology policy through a geostrategic lens (Dekker & Okano-Heijmans, 2020). China is quite clear in its ambition; it wants a technology sector that is free from geopolitically sensitive dependencies, and, indeed, wants a dominant position in all technologies that are likely to play a central role in the future of warfare. This has potentially far-reaching strategic consequences for the EU and the US, not just on trade, but on security as well (Dams & Verbij, 2019).

The complex interplay between China and the US has prompted the EU to strive for 'strategic autonomy'. Josep Borrell, the EU High Representative for Foreign Affairs and Security, calls it his 'Sinatra Doctrine', which he sums up as follows:

> To avoid becoming entrenched between the US and China, the EU should deal with them in its own way: it should look at the world from its own point of view, defending its values and interests, and using the instruments of power available to it. (Borrell J. , 2020a)

Policies to fill in the new doctrine are emerging and include more assertive trade defence instruments such as a carbon border levy for emissions-intensive imports, a mechanism to police recipients of foreign state subsidies, and greater independence of EU industry from single-country supplies, such as rare earth metals (Politico, 2020a).

A new and profound urgency was lent to the goal of strategic autonomy by the COVID-19 crisis. If we add up Trump's unilateral travel ban (New York Times, 2020), his announced withdrawal from the World Health Organization (WHO) (Politico, 2020b), threats of a vaccine war (Politico, 2020c), and flat-out criticism of European leadership (Atlantic Council, 2020) to China's brazen propaganda and disinformation campaign (Rankin, 2020), European core goals are certainly under pressure. As European Commission President Ursula von der Leyen put it:

> Vaccine nationalism puts lives at risk. Vaccine cooperation saves them. (Von der Leyen, 2020)

Achieving strategic autonomy would mean that the EU develops a unified stance on China and reconsiders its security and trade policies through a geopolitical lens. A key question is whether through this lens the US would be considered the EU's partner and friend, or one of the competitors, and this might differ depending on who is occupying the White House and the policy issues at stake. President Von der Leyen seems very clear in her conviction that the EU benefits from a strong transatlantic alliance, whoever is in the White House at any given time:

> We might not always agree with recent decisions by the White House. But we will always cherish the transatlantic alliance – based on shared values and history, and an unbreakable bond between our people. So, whatever may happen later this year, we are ready to build a new transatlantic agenda. To strengthen our bilateral partnership – be it on trade, tech or taxation. (Von der Leyen, 2020)

## 1.3 Challenge: why the transatlantic partnership has to own up to structural change

In conclusion, there are a few probabilities and certainties which transatlantic partners must own up to. The election of Joe Biden will not stop Europe's longing for autonomy, nor will it turn back the clock on US global leadership. There is no way back. The EU and the US have common values, but different strategic interests in China, and Chinese global power is here to stay. Finally, geopolitical tensions will rise, but so will global crises, for which global multilateral agreements are often considered the optimal solution.

The following chapters cover four themes – trade, security, global crises and the multilateral order – to highlight structural trends, main points of dissensus, red lines and promising points of convergence in the transatlantic partnership.

# 2 Trade: Eurasia dawns

Despite the growing assertiveness of geopolitical challengers, inimical rhetoric across the Atlantic and the breakdown of TTIP negotiations, trade between the two continents has flourished over the past years (Hamilton, 2020). In 2019, the US was the largest partner for EU exports of goods (18 % of total) and the second largest for EU imports of goods, closely followed by China (European Commission, 2020a).

The goods trade deficit which the US runs with the EU is an issue of particular concern in Washington (Johnson, 2020) and is often met with a mix of indignation and disbelief in Brussels, as it is largely offset by a surplus in services trade (Office of the United States Trade Representative, 2020). Brexit is unlikely to stress EU-US trade diplomacy much more, as President-elect Biden has warned that if the UK government opts for no deal and in doing so carries out its threat to override parts of the withdrawal agreement signed in January relating to the Northern Ireland protocol, there will be no trade deal with the UK:

> Any trade deal between the US and UK must be contingent upon respect for the agreement and preventing the return of a hard border. Period. (The Guardian, 2020b)

Although COVID-19 is wreaking havoc on global trade generally, transatlantic channels of commerce seem to be relatively robust; of all EU trade relations, imports and exports with the US have suffered the least. Exports to the US fell by 4.2 %, and imports dropped by 2.6 %, both notably smaller decreases compared to Russia, China and the UK (Eurostat, 2020).

Still, the changing geopolitical context has an impact on transatlantic trade. This chapter first steps away from the hot topics on the transatlantic trade agenda to look at long-term trends, after which it moves on to key areas of dissensus, red lines and promising areas of convergence for transatlantic trade in its geopolitical context.

## 2.1 Trend: the dawn of Eurasia and the politicisation of trade

President Obama may have declared his support for the transatlantic partnership in no uncertain terms, but upon consideration of his actual diplomatic policy it is clear the Obama administration shifted the US geopolitical focus to China (Lieberthal, 2011). The so-called 'pivot to Asia' was christened in an article by Hillary Clinton (Clinton, 2011). Clinton's creed became strategy and, indubitably, a matter of concern to European powers (Simón, 2015): if the Asia-Pacific region becomes the new US point of focus, where does that leave the transatlantic alliance? The question is even more relevant today.

Obama's pivot reflected a trend that has gained pace ever since: that is, a growing Eurasian connectivity and an apparent strategic orientation of many of the great powers surrounding Europe towards Eurasia. Xi Jinping, most prominently, countered Obama's pivot by rebranding and scaling China's existing Eurasian development strategy, the Belt and Road Initiative (BRI) (The PRC State Council, 2015). Although the US has made no secret of its concern that the BRI is a geopolitical means to undermine US power, China has consistently pushed the message that its aims are primarily commercial, banking on the great potential of Eurasian trade links. The BRI has become a driver of Eurasian connectivity that is directly affecting EU trade, development and power (Putten & Petkova, 2020).

Russia has joined the game, betting on China's success in developing a network of economic interdependence as an alternative to the transatlantic sphere of influence (Van der Togt, 2020). Although fraught with historical sensitivities and diplomatic roadblocks, the emerging Sino-Russian axis already undermines transatlantic efforts to contain Russian aggression. As a matter of geography, this is a long-term strategic issue for the US, but a direct security concern for Europe (Gabuev, 2020). The rise in tensions with Russia, aided by China on the one hand and Western countries on the other hand, can also be seen in the Arctic, where several north-western European countries are hoping to benefit from new maritime trade routes opening up (Dams, Van Schaik, & Stoetman, 2020) (Dams & Van Schaik, The Arctic Elephant: Why Europe must address the geopolitics of the high north, 2019). The EU is currently developing its Arctic strategy and is confronted with the dilemma of either securitising the Artic, which would mean Russia and China becoming an even greater bloc against NATO countries, or steering a middle course that bolsters its commercial opportunities but potentially weakens its security alliance with the US and Canada.

The EU acknowledges it too has an interest in proactively shaping Eurasian relations, especially from a commercial perspective. This ambition is laid out most prominently in the EU Connectivity Strategy for Asia (European External Action Service, 2019) – a potentially powerful trade tool, but so far an inadequate instrument to counter the 'weaponized interdependence' (Farrell & Newman, 2019) that will be part of the Eurasian playing field. The Connectivity Strategy lacks clear political ownership, fails to define strategic goals towards China and Russia, and is unable to compete financially with the BRI (Pepe, 2019). In the meantime, several European countries, including Italy, have signed up to the BRI.

In the heat of escalating conflict, the US and China mutually enforce norms that are particularly antagonistic towards the EU's strategic outlook. Through the ongoing trade war, China and the US normalise tariff-based power play, force each other, and others, to turn to protectionist industrial policies, and undermine trust in the global trading system. By way of securitising the technology industry, the often-used European strategy of striking stable balances of power through interdependence is undermined.

Ironically, the US and the EU have very similar trade conflicts with China – with state subsidies, intellectual property protection and market access featuring prominently on the agenda (Brattberg & Le Corre, 2020) – but very different outlooks on how to move forward. As such, the transatlantic partnership is changed by the new Eurasian politics of trade in different ways. The US will become increasingly engulfed in China and the Asia-Pacific region, potentially shifting attention away from Europe. The EU, on the other hand, will be challenged to enhance its own Eurasian strategy, aimed at: seeking greater connectivity with Asian markets (Okano-Heijmans, Prakash, & Zweers, 2018); managing US pressure to decouple from China; creating new allies to reform and uphold the rule-based trading system; and harmonising trade and security strategies.

## 2.2 Dissensus: trade and tech

While world trade's centre of gravity was shifting eastward, some major points of dissensus made their mark on transatlantic trade, the breakdown of TTIP first and foremost.

There are no serious prospects for what would have been the world's largest free-trade agreement to make a comeback. European electoral support for TTIP was meagre to begin with and many points of disagreement persist.

The Airbus-Boeing trade dispute is chief among them. The newly appointed EU's Trade Commissioner Valdis Dombrovskis made one of his first public statements by saying that repairing the transatlantic relationship is his top priority, that resolving the Airbus-Boeing dispute is key, and that the US should withdraw its Airbus-related tariffs as a confidence-building measure. After the WTO judged EU subsidies to

Airbus to be illegal, the US imposed duties on USD 7.5 billion worth of EU products (European Commission, 2020b). On 13 October the EU was given the right to retaliate by force of a WTO judgement on US subsidies to Boeing. The EU has been given permission to levy tariffs on US products worth USD 4 billion. Dombrovskis said:

> Our strong preference is for a negotiated settlement. Otherwise, we will be forced to defend our interests and respond in a proportionate way. (The Guardian, 2020c)

The latest WTO ruling could move the US to withdraw its tariffs, opening up the playing field for further cooperation across the Atlantic (Brunsden, Beattie, & Fleming, 2020).

A recent breakthrough in transatlantic trade negotiations is sometimes hailed as an exemplar of how the US and EU might move forward: the lobster deal (European Commission, 2020c). It was the first transatlantic tariff reduction negotiated in two decades. The deal reads as such: the EU drops tariffs on US lobster, while the US will halve import taxes on USD 160 million worth of European products, including cigarette lighters and crystal glassware (BBC News, 2020). There is little reason to believe many more mini deals are about to happen, however. One reason for pessimism is that the lobster deal catered to the very specific political dynamics of crustacean-hub Maine, a swing state in the US presidential elections. Hence, the lobster deal may just be happenstance, as structural interests still diverge. The European Council has authorised the Commission to negotiate a transatlantic deal on industrial goods, to no real consequence, as the EU is not willing to give in to US Congress' staunch demand to include agriculture. This is a red line for the EU if there ever was one, as Dombrovskis said: 'Our mandate clearly excludes agriculture and the US clearly wants to discuss agriculture' (Brunsden, Beattie, & Fleming, 2020).

Still, the lobster deal breaks with the trends toward protectionism and unilateralism and should not be discarded as an example completely. President Trump placed additional tariffs on European steel and aluminium, threatened to do the same with the automotive industry, and both the Biden campaign and the Trump administration have hinted at extending 'Buy America' rules to medical devices, a particularly worrying proposal made in the midst of the COVID-19-crisis (Mildner & Schmucker, 2020).

The Digital Service Tax, like TTIP, has turned from a potential promising area of convergence into a major point of dissensus, when, in June, the United States pulled out of negotiations facilitated by the Organisation for Economic Cooperation and Development (OECD). According to the French Finance Minister Le Maire, transatlantic partners were 'a few inches from an agreement'. It is unclear to what extent the US stance in the negotiations was affected by the upcoming elections. European countries aggravated the breach by announcing they would push ahead with a proposal for a global framework on taxing tech giants with or without US support by the end of the year (Siladitya, 2020). And so, the philosophy of European strategic autonomy takes effect.

The Sinatra Doctrine may also affect transatlantic relations in another field of trade: defence technology. EU member states have made some strides in closer defence cooperation. Support for more defence spending, and for spending it at home, is growing, even though budget cuts to recover economically from the current crisis may act as a spoiler. Jorge Domecq, chief of the European Defence Agency, said European countries needed to move towards 'strategic autonomy' by reducing their reliance on US-made weaponry (Business Insider, 2018). This would put transatlantic ties under pressure. Still, the reality is that Europe is overwhelmingly dependent on US arms sales (Fiott, 2019).

To conclude: what connects the dots from TTIP and lobsters to big tech and arms? The answer is that due to persistent internal quibbles, aggravated by the structural reorientation of the world economy towards the east and the viral politicisation of trade, as well as the lacklustre support for transnational trade governance, transatlantic trade relations will inevitably become more volatile and more transactional. Mini deals may happen and could certainly be beneficial, but they offer limited prospects. Although the aviation conflict is long running, the regulation and securitisation of technology and cyberspace will be issues that will define transatlantic trade relations more and more in years to come. On this, as the next chapter will show, transatlantic partners should forge a common future, despite trade disputes.

## 2.3 Convergence: COVID-19, WTO and China

There is no easy way forward for transatlantic trade: every area of possible future convergence demands significant obstacles to be overcome before progress can be make. Nevertheless, on at least three issues US and European long-term interests resonate to such an extent that the transatlantic dialogue must heed the call for exploring ways to forge a common approach: COVID-19, WTO and, last but not least, China.

The International Monetary Fund (IMF) projects a 4.4 % decline of the world economy for 2020 (IMF, 2020) due to COVID-19. The question arises of how to deal with deep economic crisis and demanding recovery in the years ahead. Boosting transatlantic trade must be central to any European and US answer. As Nicolas Burns puts it:

> Transatlantic relations will be dominated by the COVID-19 pandemic and global economic crises for months and years to come. They are the greatest challenges Americans, Canadians and Europeans have confronted since the Second World War. We will be far stronger by joining forces with these allies rather than by going it alone. (DGAP, 2020)

COVID-19 should be a game changer for trade negotiations. With regard to the aviation industry, which is suffering badly, there is a similar interest across the pond to at least relieve some of the pressure by de-escalating tariff disputes. If the political will is there, pragmatic steps towards the elimination of tariffs on industrial goods could be pursued as well.

Breathing new life into the World Trade Organization (WTO) should be next on the list. As a recent report by the Transatlantic Task Force of the German Marshall Fund says: '…the World Trade Organization is broken, both as a negotiating forum and as a dispute resolution mechanism' (Stokes, 2020). To a university audience in Washington, then EU Trade Commissioner Cecilia Malmström made a plea for placing reform of the WTO at the core of the transatlantic trade agenda:

> The US and the EU agree that the WTO needs reform and updating. … This is good. We agree on the diagnosis. … I propose that we renew our global order for the 21st century – with the WTO at the centre of the transatlantic partnership on trade. … It is clear that no matter what happens in terms of our relationship bilaterally, we must continue to work together on China and the WTO. As Winston Churchill once said, 'There is only one thing worse than fighting with allies, and that is fighting without them.' (Malmström, 2019)

Areas most likely to offer hope for constructive dialogue are industrial subsidies and state-owned enterprises (SOEs), notifications requirements, and new plurilateral agreements on digital trade and new service areas in general (Mildner & Schmucker, 2020) (Duesterberg, 2019).

The issue that casts the biggest shadow on WTO reform, however, is the US block of new appointments to the Appellate Body (AB), rendering the body non-operational since late 2019 (Kasperek, 2020). The EU, together with most prominently China, as well as several other WTO members,[2] formed an interim appeal arrangement (European Commission, 2020d). Nonetheless, any real progress in further WTO reform relies on breaking the AB stalemate, and it is not yet clear whether a Biden administration will shift course on this matter.

Indeed, the incoming US government is equally critical about the WTO being an ineffective organisation. The US has been steadfast in its judgement on Chinese trade practices, now an issue of seemingly unique

[2] Namely: Australia; Brazil; Canada; Chile; Colombia; Costa Rica; Guatemala; Hong Kong, China; Iceland; Mexico; New Zealand; Norway; Pakistan; Singapore; Switzerland; Ukraine and Uruguay.

bipartisan agreement. Transatlantic partners should come together on the argument that a US retreat from the WTO undermines both American and European power to address what both parties see as unfair Chinese trade practices, such as dumping, discriminatory non-tariff barriers, forced technology transfer, overcapacity, and industrial subsidies. If the US and the EU want to get China moving on these issues, they need each other, and more importantly, they need a strong transatlantic agenda on WTO reform.

# 3 Security: tackling hybrid threats

The European Parliament acknowledges the urgent and shared need to update the transatlantic security toolkit, as it concluded in a recent resolution:

> the EU is largely absent in [the] global shift of powers and geopolitical competition due to a lack of unity among its Member States …
>
> the EU's security environment … is more volatile, unpredictable, complex and vulnerable to external pressure – something which is already taking place in the form of hybrid warfare … which hinder[s] the EU from exercising its sovereignty and strategic autonomy …
>
> the transatlantic partnership is facing a significant number of challenges and disruptions, yet it remains indispensable for security and prosperity on both sides of the Atlantic. (European Parliament, 2020)

Ergo, security is the domain in which transatlantic partners are perhaps most strongly tied as well as painfully torn. This was painfully highlighted when the US administration in August 2020 decided to relocate US troops from Germany to Poland, because of discontent with Germany's relatively low level of defence spending. EU security officials also raised eyebrows when the US withdrew (some of) its troops from Afghanistan, Iraq and Syria, countries which are still rather unstable. Any progress will spring from the view that the Western security context has radically changed and that the transatlantic partnership as it stands today is not fit to meet the challenge. To see this, the spotlight ought to be on hybrid threats, technology governance and the new authoritarianism.

## 3.1 Trend: hybrid threats and authoritarian advance

The European Commission also recognises the rise of hybrid threats as a 'megatrend' in European and world security. It states:

> The power and diversity of hybrid warfare will continue to increase, challenging security and governance systems. (European Commission, 2020e)

Hybrid threats can be defined as instruments by which geopolitical adversaries blur the lines between war and peace to undermine states, in particular (but not limited to) exploiting the vulnerabilities of democratic societies (The European Center of Excellence for Countering Hybrid Threats, 2020).

Hybrid warfare is at least as old as Sun Tzu, the famous Chinese military strategist who lived in the sixth century BC (Tzu). NATO recognises this, while acknowledging that hybrid threats are rapidly on the rise at present:

> What is new about attacks seen in recent years is their speed, scale and intensity, facilitated by rapid technological change and global interconnectivity. (North Atlantic Treaty Organization, 2019)

A plethora of hybrid threats is on the rise. Since Russia successfully implemented hybrid methods to annex Crimea in 2014, its 'little green men' without insignia have become symbols of hybrid warfare (Bajarūnas, 2020). In the meantime, reality has surpassed the stock image. Anyone tracking the use of proxy actors in third-party military conflicts, the deployment of military exercises near borders, intrusions into aerial and maritime territory, the exertion of influence over foreign democratic processes, the use of economic coercion, the proliferation of disinformation campaigns, and the execution of cyber-attacks on critical infrastructure, is confronted with a bleak picture of global security (Pronk & Sweijs, 2020). Especially interesting is the return of focus, especially on the part of transatlantic partners, on state actors, away from non-state actors and terrorist groups.

The COVID-19 crisis has witnessed a surge in disinformation campaigns undermining European and American societies. By targeted messaging from heads of state and trolls alike, these campaigns promote a myth of the decay of democratic institutions (Dams T. , 2020). Although China seems to have taken a page from the Russian playbook during the COVID-19 crisis, Russia remains the principal disinformation actor against Europe (Pronk, 2018). Russia focuses on information warfare, enabled by sophisticated cyber capabilities. The recent elections in the US illustrated new ways to counter disinformation promoted by social media, which could also contain lessons for the EU and its member states.

China's hybrid capabilities lie more predominantly in the sphere of trade and technology. These cover a wide range of potential threats, from influencing through its investments in critical infrastructure to potentially exploiting its dominance in high-tech industries to set standards and norms for technology governance. Ultimately, this is what the US-China trade war is about: dominating the new networks of power formed by the fourth industrial revolution, from AI to data streams. Through the *Digital Silk Road* (DSR), the Chinese government strengthened its efforts to introduce high-tech applications based on Chinese technology and standards. The *Made in China 2025* strategy and its forthcoming follow-up *China Standards 2035* invigorate this goal and the Chinese path to technological pre-eminence, creating not just commercial, but geostrategic advantages by standards for technology governance (Dams & Dekker, Forthcoming).

Over the long term, China's influence on operations towards Europe, and the multilateral order at large, are seen to have far greater potential than Russia's. China combines tactics of gaining influence in existing institutions with the strategic scope to project its own constructive narratives, and even erect competing institutions. A recent commentary by a US national security official characterised the respective hybrid capabilities of Russia and China as follows:

> I kind of look at Russia as the hurricane. It comes in fast and hard. China, on the other hand, is climate change: long, slow, pervasive (Vilmer & Charon, 2020).

The ambiguous China challenge presents itself to the EU most urgently as a call to enhance its capacity to track and counter influence operations. To the US, it is an existential geopolitical struggle for dominance. The two are very different. Russia is a nefarious rogue to the US, but a direct threat to the EU. Russia and China, however, issue a similar call to innovate the security of technological systems of open, democratic societies, not just across the Atlantic but worldwide. They seek to create spheres of influence, and are increasingly present in the EU's close vicinity, notably in the Western Balkans (Zweers, 2020), the Arctic (Dams, Van Schaik, & Stoetman, 2020), Russia in Eastern Europe (Deen, 2020) and Syria (Van Veen, 2020). When President Trump presented himself as dealmaker in the Pristina-Belgrade talks, without including the EU, it was quickly realised this would not guarantee a long-lasting deal (The Guardian, 2020a).

Hybrid conflict is irony weaponised: it turns the idea of the open society against itself, marking every aspect of society as a potential weapon, whether it be data flows or democratic debate. This insight becomes even more important to understand when one considers the exponential technologization of societies across the globe (Dams & Verbij, 2019). Artificial Intelligence (AI) in particular will create radical opportunities for hybrid warfare. These changes are rarely understood by outsiders and only vaguely investigated by experts (Missiroli, 2020). As Kasapoğlu and Kirdemir argue:

> … AI will change how wars are planned and fought. AI systems will be crucial for tackling more integrated conventional, hybrid, and peacetime challenges. As disruptive technologies provide new tools for totalitarian regimes and extremist groups, the transatlantic community needs to

> develop solutions to mitigate the malicious use of intelligent machines. (Kasapoglu & Kirdemir, 2019)

To conclude: the future of hybrid threats lies open. They affect open democratic states differently than they do authoritarian states; and authoritarian states are currently making the game. This is a field where NATO is already improving its efforts, but much more is needed to catch up with the game and overtake its initiative.

## 3.2 Dissensus: NATO, defence spending and INF

The EU's part in transatlantic security cooperation has long been a source of chagrin to the US, either because it is too small in terms of substance or seems too large in terms of voices. European efforts to step up its game have been met with a mix of impatience and suspicion.

US leaders have long been calling on European member states of NATO to start spending the 2 % of GDP on defence as agreed. President George W Bush seemed kind in 2008 when he said:

> I will encourage our European partners to increase their defense investments to support both NATO and EU operations. … America believes if Europeans invest in their own defense, they will also be stronger and more capable when we deploy together. (CNBC, 2018)

After the financial crisis and Eurozone crisis led many EU member states to cut military budgets, Obama echoed Bush's call to spend, with an increased level of unease:

> If we've got collective defense, it means that everybody's got to chip in, and I have had some concerns about a diminished level of defense spending among some of our partners in NATO. Not all, but many. … The situation in Ukraine reminds us that our freedom isn't free. (CNBC, 2018)

Obama made these remarks less than a week after Putin declared Crimea to be Russia's. Two years later, Obama saw little progress, calling out Greece, the country that was hit so hard by the Eurozone crisis, as the exception proving the rule:

> If Greece can meet this NATO commitment, all our NATO allies should be able to do so.
> (CNBC, 2018)

The issue may linger until it explodes. And it may well explode. Germany's defence budget has been increased a number of times in the past years (Deutsche Welle, 2020), still only reaching 1.3 % of GDP in 2019, well below the agreed 2 % benchmark, and not keeping pace with global rise in military expenditure, which is now at the highest point since the end of the Cold War (Tian, Kuimova, Lopes da Silva, Wezeman, & Wezeman, 2020). Meanwhile, COVID's economic consequences have already cast a shadow over defence spending. If EU leaders choose to respond in a way similar to their responses to the global financial and eurozone crises, 2 % may seem like a dream forever lost.

Aside from the EU dragging its feet, US chagrin comes from the EU's efforts to stand on them. EU cooperation on security and defence is making strides, rousing suspicion in Washington (New York Times, 2019). Two instruments stand out: the European Defence Fund (EDF), an EU budget for military R&D that will amount to EUR 8 billion, as announced in the 2020 EU Budget, and the Permanent Structured Cooperation (PESCO), a member state framework through which armed forces pursue integration.

The EDF was criticised in a 2019 letter by two US officials because of restrictions to non-EU countries to compete for funds.

> It is clear that similar reciprocally imposed U.S. restrictions would not be welcomed by our European partners and allies, and we would not relish having to consider them in the future …
>
> [Any rules limiting U.S. defense contractors' participation would amount to] a dramatic reversal of the last three decades of increased integration of the transatlantic defense sector. (Reuters, 2019)

It should be noted that US concern is economic, not geostrategic, and is at least partly based on a misunderstanding of EDF regulations (Fiott, 2019). Then again, if it escalates, the issue could hamper transatlantic security cooperation in a very real way.

PESCO raised other worries in Washington. In the same letter, US officials state their concerns about:

> EU capabilities developing in a manner that produces duplication, non-interoperable military systems, diversion of scarce defense resources, and unnecessary competition between NATO and the EU. (Politico, 2019)

Similarly, NATO Secretary General Jens Stoltenberg stressed the need for PESCO to complement NATO efforts (NATO, 2017). A recent report by the European Parliament reiterates that the 'vast majority of PESCO projects coincide with European Defence Fund (EDF) and NATO shortfalls', that 'enhanced defence capabilities of the Member States will also benefit NATO' and that 'NATO remains the cornerstone of the security architecture of many Member States' (EP Committee on Foreign Affairs, 2020).

A point of particular distress in EU capitals is the collapse of the Intermediate-Range Nuclear Forces (INF) Treaty between the US and Russia. In 2019, the US withdrew from the Treaty, which placed bans on land-based missiles, cruise missiles and missile launchers, citing two reasons: Russian non-compliance and Chinese non-participation (European Parliament, 2019a). On the contrary, EU member states are keen to keep the INF Treaty alive, as they are more directly threatened by Intermediate-Range Nuclear Forces and possess less military defence abilities. President-elect Biden has also indicated he is keen to extend the Strategic Arms Reduction Treaty with Russia on the reduction of strategic nuclear weapons for another five years, after it expires in February 2021.

In conclusion, rhetorical and actual dissensus on transatlantic security should be distinguished. The United States has long called for a greater European contribution to transatlantic security. EU member states are now talking the talk and getting closer to walking the walk. Letting NATO collapse is a clear red line for them, even for France. In order to avoid treading that line, it should be a matter of priority for the EU to explain that the road to strategic autonomy and more EU defence cooperation will reinforce and not undermine transatlantic security cooperation and NATO. The EU must bring home the point that it must become stronger, due to diverging, but not conflicting, geostrategic interests – and indeed to make a greater contribution to those issues where EU and US values and interests converge. Looking forward, the need to re-envisage, update and work together on security soars.

## 3.3 Convergence: technology and democracy

The US and the EU should, above all, make speedy work of adapting to the changing mechanics of warfare and conflict. In the way authoritarian powers exploit hybrid tactics to undermine open, democratic societies, EU and US efforts must come together. COVID has only added urgency to this issue.

NATO has made countering hybrid threats a top priority. It stresses the point that 'the primary responsibility to respond to hybrid threats or attacks rests with the targeted nation' (North Atlantic Treaty Organization, 2019). This means member states should step up. EU-NATO cooperation strongly prioritises countering hybrid threats (EU / NATO, 2020). The European Council has called for a comprehensive EU approach to security to counter hybrid threats (European Council, 2019). As such, the US and the EU are driven together by the need to invest in and update NATO members' hybrid capabilities.

The EU's most powerful tool in combatting hybrid threats is its ability to shape and set international norms within the multilateral order. China's rise to technical pre-eminence challenges the EU to leverage the weight of its internal market, as well as the success of its regulatory frameworks, in order to promote standards for technology governance on a global scale. It has successfully done so with the General Data Protection Regulation (Financial Times, 2020) and is currently taking an important step forward by launching cloud computing initiative GAIA-X, which constitutes a proactive strategy to spread European norms and standards, providing an alternative to US and Chinese systems (Dekker & Okano-Heijmans, 2020). This power grows exponentially when paired with that of the US and other democratic allies around the world – and yet, these alliances are undermined, from outside and from within, precisely by means of trade and technological dependencies as much as by traditional security politics.

The world is stuck in the middle of two competing models of governing cyberspace: the privatised and the authoritarian (Schaake, 2020). Although from a trade point of view the US laissez faire approach and the European regulation-minded approach diverge strongly, transatlantic partners have a strong shared geopolitical interest in building up capabilities to counter authoritarian hybrid threats. As former MEP and Director of Policy of Stanford University's Cyber Policy Center Marietje Schaake argues, the US and the EU have a shared interest in bringing together a global alliance of democracies against disinformation, cyber warfare and covert influence. Such an alliance should work on establishing norms on cyber warfare, data protection, technology governance and the protection of critical infrastructure. In fact, given the EU's fierce competition with China in high-tech industries, and China and the EU's diametrically opposed philosophies of technology governance, the EU must consider it a matter of strategic priority to move forward in creating global alliances of shared norms of technology governance, with and beyond the US, within and outside of NATO.

Aside from hybrid threats per se, the EU and US have a shared interest with other democracies worldwide to address the advance of authoritarianism and to support democratic movements. Belarus offers the latest example where MEPs and members of the US House of Representatives, as 'transatlantic legislators committed to preserving liberty, democracy, and human rights in Europe', jointly issued an open letter to denounce the Lukashenko regime's unjust detention of opposition leader Marya Kalesnikava (US Senate, 2020). The Transatlantic Legislative Dialogue published a joint statement on the presidential elections in Belarus, adding:

> In accordance with our shared fundamental values, the European Union and the United States must continue to support the Belarusian civil society including through financial means, acknowledging its unprecedented mobilisation, determination and appetite for democratic reforms. (European Parliament Liaison Office in Washington D.C., 2020)

The Belarus example shows that institutional ties, founded on deeply shared values, hold up even in times when political leadership diverges. Whether in Belarus, Venezuela, Hong Kong or the Western Balkans, democracy may again be tested in the years to come. European and American representative bodies must then be able to bridge divides, between themselves and indeed with democracies across the globe, in order to rewrite the narrative of democratic hope (Rorty, 1999) in a time of authoritarian advance (Dams & Putten, 2015). The Democracy Summit which President-elect Biden has announced he plans to organise at the start of his presidency will be a good start to jointly work on this issue.

# 4 Global challenges: COVID-19 and the climate crisis

The different views on global issues can be considered another issue where the divide between the EU and US has grown extensively in the past years. The Trump administration did not recognise or claim leadership for some of the major global challenges that the EU is highly concerned about, which has been a source of contention in the transatlantic relationship. Now the cards have shifted. With Biden being President-elect, the US will re-join the Paris Agreement and World Health Organization, but its approach to global challenges is likely to remain more transactional and confronted with domestic scepticism.

## 4.1 Trend: US swinging of global challenges in need of global agreements

With regard to two major global challenges, global health and climate change, the EU and US stood far apart in the Trump era. In the field of global health, commercial and religious interests have informed US positions, whereas the European Commission and individual EU member states have at times also been accused of allowing (pharmaceutical or food) industry interests to prevail, although to a lesser degree and without contesting the WHO. Regular clashes have occurred between the US and the WHO on the topic of sugar, salt and breastfeeding substitutes (Lee, 2020).

In the realm of climate change, the US not ratifying the Kyoto Protocol in 2001, and the EU's strong conviction to uphold it and convince others to do the same, has been catalytic for the EU's own foreign policy identity (Groenleer & van Schaik, 2007). Climate change is clearly linked to core values the EU holds dear, including sustainable development and effective multilateralism (Van Schaik & Schunz, 2012). The aim to reduce $CO_2$ emissions is also in line with an energy security strategy where the EU wants to become less dependent on fossil fuel imports from Russia, North Africa, the Middle East and the Gulf. Despite internal EU differences on the speed of emission reductions, climate change is relatively well integrated into the EU's external action policies, including climate diplomacy efforts and an increased focus on climate-related security risks.

Generally, there is a different orientation towards global challenges. The EU often operates in line with the precautionary principle and the US takes more of a risk-based approach, where small or longer-term risks are often considered less problematic. In this respect, the belief in technological solutions to global challenges appears to be stronger in the US than in the EU. Conversely, the EU is a stronger believer in the possibility of effectively addressing global challenges through multilateral agreements. A benchmark is the Montreal Protocol on halting the production of ozone-depleting gases, as a result of which the environmental problem was to a large extent resolved. For climate change it proves more difficult to do the same, as there is much more controversy about the link with the six greenhouse gases, and they are more widely and deeply connected to economic activities and sectors, and used in production processes in all countries of the world.

However, the most difficult trend is the huge divide in the US between Republicans and Democrats on global challenges. Republications are generally less concerned about global risks, open to contest academic evidence on them and sceptical about the possibilities of achieving meaningful agreements at global level. In their view, what matters internationally is traditional security, and global challenges are typically considered 'soft' issues. As a result, for the EU there is only a window of opportunity to collaborate with the US on global challenges when the Democratic Party is in the lead – making the transatlantic partnership in this field unreliable.

## 4.2 From dissensus to convergence: COVID-19, WHO and the vaccines race

A more isolationist stance does not mean that global challenges will evaporate, unfortunately. The COVID-19 crisis has made it very clear how quickly infectious diseases spread across the globe, and how an authoritarian approach to tackling pandemics compares to a liberal democratic approach that balances freedom of movement, freedom of speech and privacy with disease-containment objectives. Some democracies have copied Chinese-style lockdown measures, but many have refrained from doing so because of the immediate economic damage and breach of civil liberties.

Both the EU and the US have been hit heavily by the pandemic, both in terms of infection and death rates and in economic terms. In November the US was nearing 10 million reported infections and more than 230 000 deaths were reported, more than in any recent war and in any other country. On 12 March 2020 the US closed its borders to EU citizens without notifying EU institutions or member states (Atlanticist, 2020). The two blocs competed over obtaining medical supplies needed in hospitals and EU member states resisted US takeovers of strategic companies, such as the German vaccine developer CureVac, which was allegedly asked by President Trump to move its R&D activities to the US (Welt, 2020). As such, the COVID-19 pandemic has grave geopolitical implications, sharpening divides among world powers and in societies (Gaub & Boswinkel, 2020).

The pandemic has highlighted divisions. EU member states have been adopting a variety of different lockdown and social distancing policies, and in the US local governors and mayors have imposed more stringent lockdown policies than those advocated by federal government. The first wave in the US coincided with the Black Lives Matter protests that added fuel to the already polarised society. When President Trump was infected by COVID and hospitalised he received treatment many Americans would not be offered or be able to afford. His behaviour and quick recovery astonished many observers.

In July 2020, President Trump pulled the US out of the World Health Organization because it considered it was too supportive of China's initial response to the COVID-19 outbreak. To the contrary, EU member states and EU institutions increased their support for the WHO, despite also being critical of China's initial handling of the pandemic. Before the US announced its plan to withdraw from the WHO, France and Germany were discussing with the US administration how the WHO could be reformed, an issue long overdue. Mahbubani has been very critical of the neglect by the West of this UN agency, which has suffered from other global organisations trespassing on its mandate and its core budget being frozen since the 1980s (Mahbubani, 2013). Until recently the EU never had a very strong position on the WHO, thereby implicitly accepting the gradual weakening of the organisation (Bregner, Van de Pas, Van Schaik, & Voss, 2020).

When Biden enters office, new opportunities will arise, as he announced on twitter that the US would re-join the WHO on his first day in office. Subsequently, it will be key to avoid Sino-US rivalry preventing substantive and substantial WHO reform from being pursued. Both the EU and US must also consider how commercial pharmaceutical interests are weighted against greater opportunities for developing countries to access medical treatment, which currently undermines the credibility of both nations and bolsters that of China, India and others. In this respect, whether or not the US joins the Covax facility may be the litmus test for its international credentials in vaccine sharing.

Indeed, the development of a vaccine and COVID treatments is a field where US and EU pharmaceutical companies are embroiled in strong competition. China and Russia are also active participants in what has been dubbed 'the vaccines race'. Whereas the EU is jointly purchasing vaccines for its member states and has joined the global initiative Covax to support access to vaccines in developing countries, in the US it is not even clear if a vaccine developed in the US will be affordable for all Americans. Remdesivir, the drug given to US President Trump when he was ill, was approved on 22 October as the first coronavirus drug without academic studies proving its effectiveness beyond dispute, and it is clear that commercial interests have been dominating the US approach.

## 4.3 From dissensus to convergence: acting on climate change

Climate change is a deeply divisive issue between Democrats and Republicans in the US. The Trump government pulling out of the Paris Agreement was strongly condemned by the EU. The Agreement was designed in such a way that no ratification was needed by US Congress where a two-thirds majority is needed to ratify international agreements, which means climate treaties are even likely to be blocked under a democratic administration. In the past four years, the EU has attempted to uphold relations with forces in the US still contributing to emission reduction efforts, such as the 'we are still in' coalition and with companies, local governments and a wide range of other stakeholders underlining their commitment to continue acting on climate change (Kertysova, 2020). Now, EU representatives will be able to return to the White House to discuss cooperation on climate change, although Democratic ambitions for domestic climate action may be hampered by the Republication majority in the Senate.

In his foreign affairs article of March 2020 President-elect Biden mentions that the US will re-join the Paris Climate Agreement on day one of a Biden administration and then convene a summit of the world's major carbon emitters – rallying nations to raise their ambitions and push progress further and faster (Biden J. , March/April 2020). To shore up US credibility and bring his ambition of zero emissions in 2050 closer to reality, he published *The Biden Plan for a Clean Energy Revolution and Environmental Justice*. This plan connects to his Build Back Better plan (Biden J. , 2020) that stands at the centre of his policy agenda, similar to the Green Deal in the EU. For year one of a Biden presidency, the plan puts forward a legislative agenda on climate change, harnessing great economic potential, building resilient infrastructure, and creating jobs in a clean economy.

In addition, Biden will build on the achievements of the Obama-Biden administration to get G20 countries to phase out inefficient fossil fuel subsidies (Hofhuis, 2020). By engaging key leaders, including in China, Biden plans to secure a global commitment to eliminate fossil fuel subsidies by the end of his first term. Regarding cooperation with Europe, he would restart the Obama-Biden global initiative Mission Innovation to accelerate clean energy innovation in 23 countries and Europe. Biden also points to his willingness to pursue strong measures to ensure other nations cannot undercut the United States economically as we meet our own commitments (Biden J. , March/April 2020). This implies there will be ample opportunity for the EU to work with the US on energy transition innovations and a joint carbon border instrument that the EU is already planning for and which will generate resources for the EU's budget. The revival of the EU-US Energy Council and its Climate Change Working Group might be a possible avenue for enhanced cooperation (Kertysova, 2020).

Biden indicates a willingness to collaborate with China on climate change but is also very critical about it exporting carbon technologies as part of its Belt and Road Initiative (BRI). For the EU it might be difficult to put a carbon price on products from China since it has been a staunch supporter of the Paris Agreement and has a domestic climate change policy in place. There is more scope to collaborate with the US to reduce technological over-reliance on Chinese products and raw materials. In this area, an alliance could be formed that would also include Australia and Canada, who each have more access to critical minerals (Kertysova, 2020).

Convergence also is emerging in the area of climate-related security risks, where the US Department of Defense has for a long time been a frontrunner. Whereas the EU has also recognised climate change as a threat multiplier early on, and several EU member states have been instrumental in pushing the agenda on this issue in the UN Security Council, it is only since 2018 that the EU has really been considering policy action in this field. It is now in the lead in integrating climate change into early warning and is due to present a more elaborate strategy, as well as viewpoints on climate and defence and geopolitical power play in the Arctic. As part of the Green Deal and 30 % of EU budget is to be spent on climate objectives, the EU is considering whether to increasingly include environmental peacebuilding and mediation on natural resources in its development and neighbourhood policies.

# 5 Order: the end of the world as we know it?

After the Second World War the United States sought to create a more rules-based international order and drove the creation of new institutions, chiefly the United Nations, the World Bank and the International Monetary Fund. It continued to steer multilateral efforts until well into the 1990s, but gradually became more sceptical about the potential for multilateral cooperation. Support for its international leadership was linked to its desire to combat communism rather than to Americans feeling a need to resolve problems abroad (Wright, 2018). In the US, a lively debate emerged questioning the UN as effective institution fit for its purpose.

On the contrary, in the EU, the UN and other multilateral arrangements are usually strongly trusted and promoted, not the least because questioning international cooperation could also lead to questions about the European integration project. For the EU, a strong rules-based international order is also more important because no military teeth are necessary to protect commercial interests. With the shifts in global power constellations, and the US shifting course every four or eight years, the world looks more at France, Germany and the EU to uphold multilateral institutions (see also EP resolution P9_TA(2020)0008).

## 5.1 Trend: the EU no longer counting on the US

Under President Trump, the US withdrew from a number of multilateral bodies and agreements, including the Paris Agreement on climate change, the Joint Comprehensive Plan of Action (JCPOA), the open skies and INF treaties, the UN Human Rights Council, the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), UNESCO and most recently the World Health Organization (WHO). Along with its blockage of the WTO's Appellate Body and tensions in the G7/8 and G20, these actions raised questions about US commitment to multilateralism, a traditional cornerstone of EU external action and of cooperation between the two partners.

Taking a step back, we can see different motivations for why the US has been backing out. Very often the decision is linked to a general dissatisfaction with the functioning of the international organisation and system as such. To some degree this discontent is shared by the EU, but it takes for granted to a larger degree the fact that multilateral organisations often have shortcomings. Whereas in the past the EU promoted multilateralism almost as an end in itself, it now is more focused on the need to address the many global challenges the world is confronted with, while still very often seeing the multilateral route as the most optimal way to act.

With regard to US criticism of the functioning of multilateral organisations, EU countries sometimes agree, but not openly. This happened only recently with the WHO. The EU often lacks a strong position about what reforms it advocates for multilateral bodies to function better, and in this respect, it may help that the UK is no longer part of the EU and qualified majority voting (QMV) is considered for foreign policy positions. This is paving the way for more outspoken and stronger foreign policy positions.

It is likely that both sides will want to avoid a 'UN with Chinese characteristics' (Okano-Heijmans, Putten, & van Schaik, 2018), and the US, in particular the Democratic side, has often stressed that the international order needs to be liberal, meaning it is based on values such as democracy and human rights. The EU supports this general outlook but struggles to find an answer to the rise of authoritarianism, including in some EU member states and many of its neighbouring countries. The narrow electoral defeat of Trump means that his ideas will not vanish, and it is questionable whether all EU member states will receive an invitation for Biden's Summit for Democracy. Nevertheless, for the EU and the US there is now a new opportunity to promote liberal values, such as human rights, freedom of speech, and free and fair elections.

In recent years, it has been difficult for the EU to handle suspected violations of international norms and agreements that are denied by their adversaries, such as in the case of Iran secretly building nuclear weapons, or Russia assassinating political opponents abroad and sending little green men without insignia into Crimea. Taking US intelligence for truth has been problematic ever since doubt was cast over the evidence that was presented by the US in the UN Security Council on Iraq in 2003 as justification for its intervention. Trust is in any case a precondition for many international norms to be taken seriously, including notably Article 5 of NATO and many non-proliferation treaties. In the past most European countries placed a large degree of trust in the US, but much this trust has been eroded and urgently needs to be restored.

## 5.2 Dissensus: is the EU waiting for the US or moving forward alone?

For the EU it is hardly an option to withdraw from multilateral institutions because of discontent with how they operate. The adherence to multilateralism is very strong, and according to some is enshrined in the EU's DNA. As a result of the European integration process there is a strong belief in the possibility of developing joint policies between countries, a belief that is weaker in the US. Harsh attacks on multilateral institutions can therefore be considered a red line for the EU.

With Biden, it is clear that the intentions of the US government will be to re-enter and re-engage with multilateral efforts. Biden even speaks of reinstalling US leadership (Biden J. , March/April 2020). However, the deep divisions in US society, management of the pandemic and its deteriorating economic impact is likely to demand the most attention; backing by the US Senate, is moreover, far from certain. For the EU it is really good news that the US is willing to chip in, but within the EU differences exist in terms of how much patience should be invested into the new US administration, with Germany more likely to be willing to wait and France less likely. There will also be different visions on the acceptance of US leadership with a growing realisation that the world order is changing, and the EU needs to stay on friendly terms with large parts of the world.

Moreover, the four years of Trump, the deplorable state of US healthcare as evidenced in the pandemic, Black Lives Matter protests and polarisation in US society have undermined the attractiveness of the US. This makes it harder to promote human rights and to portray the US a confident superpower. The time when the US, together with EU countries and other traditional partners such as Canada and the UK, but also Australia, South Korea and Japan that might be invited to join the G7, could dictate global arrangements is likely to be over. Consensus in the UN Security Council will still require China and Russia to chip in.

The question is how the EU will position itself and develop more initiative in cases where the US is slow or cannot steer the way in a credible manner. The EU can be expected to claim more ownership over international regimes that depend heavily on the EU and to be more active on new initiatives in its own region and neighbourhood, including the Balkans, Eastern Europe, the Middle East and North Africa. As with General Data Protection Regulation (GDPR) and environmental, health and food safety standards, the EU may more often use its market power to extend its influence, independent from the US. It is also developing an interest in boosting its presence in the Indo-Pacific and strengthen its ties with India, Indonesia and South Korea. Perhaps more difficult will be how to synchronise the EU's intentions to bolster strategic autonomy and develop its industrial base with calls by the US government to 'buy American' and join forces in developing joint technologies to compete with China. With respect to 5G and the EU connectivity policy as an answer to the BRI, the EU may have something to offer the US, but it is not clear whether the US is amenable to buying European or following the EU lead.

## 5.3 Convergence: reform needed

Both the US and the EU will become more selective and instrumental with regard to multilateral institutions. They will increasingly review whether or not their interests are being served and will be more critical of Chinese inroads in traditional strongholds of the West.

Reform and new multilateral institutions are needed, ranging from debates on UN Security Council (permanent) membership to the need to establish norms and rules for how to behave in space. New ways need to be sought to deal with the situation where China and other non-democratic countries took over key positions in UN bodies that traditionally were meant to promote human rights, notably the UN Human Rights Council. The same applies to cases where weak international organisations, such as UNCTAD, were not abolished, but rather reinvigorated by China. The WHO is clearly in need of fundamental overhaul and here perhaps it would be good if the EU continued with its current push for reform. The Summit on Democracy will be another opportunity to promote new multilateral initiatives on human rights, freedom of speech, and multilateral institutions needing to serve a purpose. Multilateralism is not an objective in itself but can be a way to effectively tackle the many global challenges the world faces and put peer pressure on countries not making progress towards the Sustainable Development Goals. This also means that the EU and the US must demonstrate how they rank with regard to achieving these goals, including the more difficult ones such as sustainable production and consumption.

There is huge opportunity with a Biden presidency to bolster security institutions, of which NATO is the most important for the EU. However, also the Organization for Security and Co-operation in Europe (OSCE) and non-proliferation regimes are in need of maintenance. With regard to Iran, as with negotiations over the JCPOA, the US may wish to hand over mandate for new informal talks to the EEAS. Moreover, urgent action is needed to uphold and reform the WTO and consider how free trade looks like in a world of increasing state power projections, where services and digital technologies, as well as environmental and labour standards, are increasingly important. With regard to the World Bank, IMF and OECD, a balance will be needed between making them effective and more influential again without giving the impression that they are instrumental in keeping global inequalities in place. In this respect a reinvigoration of the G20 as supreme political body for consensus on macro-economic policies is key.

# 6 Conclusions: making the EU a stronger transatlantic partner

In this paper we have noted the strong historic ties in transatlantic relations, but also the growing divide that preceded the Trump government and which has deepened during his tenure. We identified areas of cooperation and areas where the transatlantic partners dissent or increasingly have diverging interests. There is a growing realisation within the EU that it must develop a perspective on transatlantic relations and other foreign policy positions based on its own interests, capabilities and political preferences, for instance regarding the promotion of values such as sustainable development and human rights. High Representative Borrell refers to this as the EU's own Sinatra Doctrine, but perhaps we should call it after Jacques Brel, and ask the US not to forget about the EU (*Ne Me Quitte Pas*), but simultaneously ask for a relationship that is more symmetric. For the EU this requires a good re-think of what it has on offer in terms of foreign policy approaches, capacities and networks.

Regardless of the EU becoming more independent, it would also be good to 'thicken' the interparliamentary ties as was recommended to the EP four years ago (Bouchet, 2017). US House of Representatives and Senate members have their own policy views. In a polarised US it might help to stay in touch will all sides. In addition to Transatlantic Legislators Dialogue, it would be good to establish more transatlantic groups on specific issues, such as on how to deal with China. To make the meetings less formal, they could be complemented with track-two dialogues organised by think tanks and supplemented with public (online) events that could generate visibility.

Here we list a number of specific recommendations linked to our analysis regarding trade, security, global health, climate change and international order:

- On **trade**, the EU and the US need to continue their search for mini deals, such as the agreement on lobster. With regard to the bigger picture, the EU could be more sensitive to US concerns over the trade deficit in goods, setting this off against taxes on e-services. It could focus on making agriculture and value chains in the agri-food sector more sustainable. It is, moreover, crucial to safeguard (and reform) the multilateral trade system centred around the WTO (European Parliament, 2019b). To address China's use of the BRI to expand its international influence, the EU should persuade the US to join its own connectivity strategy. It also should promote the 5G developed by European companies to the US.

- On **security**, EU member states need to continue building European military defence organisation structures, while simultaneously expressing support for NATO. To a large degree, both are dependent on higher expenditure and investments into the military in the EU. A trade-off exists with regard to buying armoury and supporting military R&D investments in the EU or US and, there, a political choice between a European or transatlantic approach is unavoidable. Within NATO, cooperation in the field of cybersecurity and combatting hybrid threats could be enhanced. On countering disinformation, the EU could learn from the recent experiences in the US during the presidential election campaign.

- On **global health** the US should join not only WHO, but also Covax. The EU and US should discuss how to reform WHO and not create new institutional arrangements for health security. Efforts undertaken previously under the Global Health Security Agenda should be integrated into mainstream WHO work.

- On **climate change** there is ample scope for renewed transatlantic cooperation. It clearly is in the EU's interest to keep the Chinese on board, for instance by not targeting China with the new carbon border tax. However, to limit Chinese supremacy in the field of low carbon technologies and to counter China's strategic access to rare earth metals, EU cooperation with the US, as well as Australia and Canada, is needed.

- On **international order**, it is clearly to the benefit of the EU to uphold international institutions as much as possible, as they often protect commercial interests, and promote human rights and peaceful conflict resolution. However, if they are clearly dysfunctional for many years, the EU could join the US more often in being explicit about shortcomings, and even where it has most credibility take the lead in pushing for reform (e.g. in WHO and WTO). Together with the US and other allies, the EU could promote a liberal international order without Chinese characteristics. More cooperation with the US could be seen as a way to reinstate coordination by the G20 and upgrade the G7, possibly by adding Australia, Japan and South Korea.

- **Thicken transatlantic structures for dialogue**, notably among law makers across the Atlantic Ocean. Interparliamentary dialogue could be intensified, be organised to address specific issues, and be supplemented by staff exchanges, track-two diplomacy efforts in which think tanks are involved, and increased dialogue among civil society. The historical cultural ties are still quite strong, but maintenance is needed, as it has become more difficult to understand one another and speak the same language. A first meeting could be organised alongside the Summit for Democracy. A meeting on parliamentary positioning on China would ideally take place in Brussels so as to emphasise that the EU prefers to steer its own course on China, and has experience, policy approaches and technologies on offer.

The EU has become more independent in its dealing with the US. Instead of rallying around the flag if the president wages war, Europeans unite when the US insults international order and neglects global challenges, and the pandemic has accelerated this trend. A recent EP resolution (P9_TA(2020)0008) calls 'the COVID-19 pandemic a wake-up call for the need for a stronger, more united and assertive EU foreign and security policy to make the Union capable of assuming a prominent leadership role on the international scene and to promote its values and interests more decisively worldwide'.

In a longer-term perspective, the EU may need to become even more independent, because polarisation in US society means its future leader will likely need to focus primarily on domestic issues. Paradoxically, the EU becoming a stronger foreign policy and security actor will also make it a more attractive collaborator for the US. With an increase in assertive undemocratic powers and the rise of unpredictable rough states, the US may more often need the EU to help safeguard its own interests, and it is in the EU's interest to be ready for such advances. Moreover, the EU has much to offer when it comes to addressing the rise of China, has a credible track record in addressing global challenges and supporting international order, is a formidable market power with top-tier regulatory standards, and is increasingly looked upon to mediate in difficult conflict situations. There is no way back and the transatlantic relationship looks bright if the EU seizes the opportunity.

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