

A Foreign Policy Agenda for U.S.-European Relations:

U.S. and European Views on Future Challenges and Priorities

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Executive Summary

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Dr. Karin L. Johnston

The United States and Europe are emerging from one of the most difficult and rancorous periods of the transatlantic relationship. Both sides are eager to leave these tensions behind. The task of putting transatlantic relations back on track has been complicated by the necessity of responding to global threats such as the COVID-19 pandemic and its severe economic consequences and the destructive effects of climate change. American and European Union officials have released statements laying out the priorities on the transatlantic agenda, and numerous think tanks and organizations have published their own views and priorities. How do the official U.S. and EU statements of intent and prioritization compare with the list of policy recommendations by experts in the United States and Europe? Can readers gain a clearer sense of the direction the renewed transatlantic relationship will take in the next several years?

This report strives to provide some answers to these questions. Official documents and statements by U.S. and EU officials were examined, together with numerous studies and reports by think tanks in the United States and Europe. The report's utility lies in its aim to condense and prioritize the analyses of transatlantic officials and experts in setting a policy direction for transatlantic relations, and the differences, agreements, caveats, and trade-offs that are part of the process. Eight topical areas were identified, evaluated, and prioritized: COVID-19 pandemic, climate change, relations with China, trade and economy, technology, security and defense, Russia, and democracy and human rights. Specific actional recommendations from the documents were compiled and highlighted in a separate list for each topic.

The introductory section sets out the parameters of the study. Section II evaluates statements and documents of the United States and the EU and provides an assessment of the material. While closely aligned on prioritization of agenda items and broader strategy, differences of views on tactics and policy outcomes are evident. Section III presents a joint transatlantic agenda derived from a comparison of U.S. and European think tanks and organizations. Each of the eight topic sections are compared and evaluated and issues salient to the broader transatlantic context considered.

An important insight gleaned from the comparison is how tightly the topics above intersect and impact one another, a reminder that policy deliberations must take into account the interdependent nature of the issues. This will complicate U.S. and European discussions to formulate joint policies since strong policy differences exist, though most observers believe there are enough issues on which there is convergence to begin to flesh out actionable policies. Settle existing tensions in the short-term, make progress on resolving tougher issues, and agree on new major policy issues—for many transatlantic actors, this is the way forward.

I. Introduction

The election of President Joe Biden marked the end of a tumultuous period in transatlantic relations.

Transatlantic Agenda

- > COVID-19
- > Climate Change
- > China
- > Trade/Economy
- > Technology/Digital
- > Security/Defense
- > Russia
- > Democracy/Human Rights

With a new U.S. administration, the United States and its European allies have an opportunity to restructure the U.S.-European partnership to meet the challenges they face in a rapidly changing international order—an emerging China, a pandemic and climate crisis yet to be controlled, and challenges to democracy and existing rules of the international order. The need is for a redesigned transatlantic agenda with sustainable, realistic goals that address common challenges and strengthen the U.S.-European partnership.

The report aims to compare official sources and expert analyses to present a current assessment of U.S. and European views on what a transformed transatlantic foreign policy agenda would look like over the short-, medium-, and long-term. Official U.S. and EU statements, communiqués, and position papers

were reviewed to form a baseline and augmented by an examination of reports by U.S., European, and German think tanks to gather more detailed recommendations on the range of agenda items presented. A shared framework and understanding of a future transatlantic agenda with actionable recommendations is then presented in the context of current challenges and set against the range of differences, caveats, and trade-offs that necessarily follow. Links to the various sources used in this report are found in Appendix A.

The report's utility for the new U.S. Biden administration and, ultimately, for the future post-Merkel German government lies in its comprehensive evaluation of official and expert views and recommendations on the constructs of a joint transatlantic agenda. A review of reports from think tanks in the United States and Germany shows that policy experts are in close agreement with governments on the scope and priorities for a renewed transatlantic agenda. The immediate challenge of controlling the COVID-19 pandemic and the broader need for a structured global health agenda accessible and available to all countries tops the agenda list, followed by growing urgency to mitigate the effects of climate change. Trade and economic issues and addressing digital technology and emerging technologies closely follow. Developing a joint U.S.-EU agenda to counter China's growing influence is another core component, one that intersects with all topical areas identified in the reports. Security concerns, such as Russia, and the persistent and mounting threat to democracy and human rights across the world are additional transatlantic challenges that require concerted efforts to identify ways of coordinating effective transatlantic and ultimately global multilateral responses.

II. Joint Transatlantic Agenda: Government Priorities

Official policy documents and statements present a broad outline of a government's vision, values, interests, and objectives, addressing the tasks necessary to protect its citizens and interests and achieve its stated goals and objectives. While the statements of U.S. and European officials closely align on the broader outlines and strategy, it is evident that there are differences of view on tactics and achievable outcomes.

United States

Once in office, President Biden moved quickly to improve transatlantic relations. Within a matter of weeks, the administration produced statements and reports that set out a new direction in U.S. foreign policy. These official documents reflect the administration's intentions, strategic thinking, and policy preferences. For this report, government reports, speeches, and statements from administration officials were reviewed to establish the outlines of the emerging transatlantic agenda and administration prioritization and policy direction. These included: the 2020 Democratic Party platform, the Interim National Security Strategic Guidance (INSSG), the National Intelligence Council's Global Trends Report, and statements by President Biden, Secretary of State Antony Blinken, National Security Advisor Jake Sullivan, and other officials.

Generally, the documents and comments underscore a central theme of the Biden administration: that a renewed American engagement and leadership will require diplomacy, strengthening international institutions, close collaboration with allies and partners, particularly with Europe, and building multinational coalitions to respond to complex problems. In his first major foreign policy speech on March 3, 2021, Secretary of State Blinken laid out the administration's foreign policy priorities and outlined what essentially are the contours of a restructured transatlantic agenda:

- > **Global Health:** The administration has prioritized COVID-19 and global health efforts to stop the virus and obtain the investment needed to create tools to predict and prevent future pandemics.
- > **Global Economy:** The double challenge is to deal with the global economic effects of the pandemic and stabilize the global economy while ensuring this process provides better opportunities, jobs, and incomes to Americans.
- > **Democracy:** Strengthen and build resilient democracy at home and abroad by deflecting harmful disinformation and misinformation efforts and fighting against corruption and for human rights.

- > **Revitalize Partnerships:** There is a recognized need to restructure the transatlantic alliance and partnerships to deal with future challenges at all levels—multilateral, bilateral, international institutions, and international and regional organizations.
- > **Immigration:** The foreign policy objective is to work with other countries, particularly Mexico and Central American countries, to assist governments in providing better physical security and economic opportunity so their citizens do not feel compelled to leave their homes.
- > **Climate Change:** The administration intends to move swiftly on climate change and a Green energy agenda, a challenge that must be met multilaterally and with close cooperation with America's allies and partners.
- > **Technology:** Technology is the leading edge of global economic competition, and a key foreign policy objective is maintaining America's scientific and technological superiority and innovation.
- > **China:** China will be a different foreign policy challenge: managing the relationship with China means the United States will be "competitive when it should be, collaborative when it can be, and adversarial when it must be."¹

Other administration documents touched on familiar topics, in reaffirming U.S. support for NATO, greater European integration and European security, and emphasizing the need for coordination on other critical issues such as Russia and the Ukraine.

Europe

European officials moved quickly after the U.S. November 2020 election of Joe Biden to signal their willingness to work in tandem with the United States on the critical issues crowding the transatlantic agenda. EU leaders signaled early on their intention to take the initiative and crafted a document outlining the European vision of a new transatlantic relationship. The result was "A new EU-US agenda for global change," released on December 2, 2020.² The proposal sets out four broad topical areas to serve as a starting point for joint action: COVID-19; climate change; technology, trade, and standards; and democracy, human rights, and the rule of law. The joint statement from the EU-U.S. summit in June 2021 followed the same list of priorities:³

- > **COVID-19:** Top priority is given to containing the COVID-19 pandemic and working jointly and globally to build a resilient global health regime that can fight the next global health crisis.
- > **Climate Change:** Battling the effects of climate change will require economic adjustments and systemic change that can only be managed via global cooperation.

- > **Technology, Trade, and Standards:** These issues will require strong coalitions of like-minded states, and it is in this arena where European countries are strong players with comparative advantages, such as in setting regulatory regimes and in environmental policies.
- > **Democracy, Human Rights, and Rule of Law:** The EU signaled its intention to work closely with the United States, such as on the democracy summit proposed by President Biden. It also put forward the European Democracy Action Plan on December 3, 2020 that prioritizes free and fair elections, strengthening media freedom, and countering disinformation.⁴

In several statements, EU Commission President Ursula von der Leyen and other EU officials noted the EU Commission also placed great emphasis on the more immediate issue of smoothing out current trade tensions and making progress on institutional reforms in the World Trade Organization (WTO). Regulatory and standard-setting efforts were also high on the list, including global rules for a digital economy, data protection, and taxation of digital services. Defending democratic institutions and fighting hate speech, misinformation, and disinformation rounded out the EU's transatlantic agenda.

Assessment

The U.S.-European transatlantic agenda is comprehensive and highly ambitious. It is clear that both sides of the Atlantic feel the urgency of the moment and have taken the first steps to implement stated goals and objectives. Reading between the lines, however, are three issues that bear closer examination.

The first is the question of *leadership*. With the phrase “America is back,” the Biden administration signaled that one of its core tasks is reasserting a strong U.S. global leadership role and rebuilding its alliances and partnerships on issues of mutual concern and interest. In a much-cited speech, President Biden pledged that “...the United States will again lead not just by the example of our power but the power of our example.” America, Biden intones, is ready to “take up the mantle and lead again.”⁵

But the Biden administration must contend with America's loss of credibility and influence and a growing uncertainty about the efficacy of American leadership. The Trump era exposed serious weaknesses in American democracy and institutions. The Biden administration's challenge is to find consensus in a highly polarized political arena and successfully implement its stated domestic and international policy objectives. Will European leaders feel reluctant to commit the political capital and financial output needed for a particular policy if sustained American leadership is in doubt?⁶ The United States and Europe are prepared to lead, and developing a complementarity in leadership roles—where one or more states lead with support from their partners on one agenda, and a different constellation of partners on another agenda—is a form of leadership that has real promise of success.

Secondly, the U.S. and European government documents underscore a common commitment to *cooperative multilateralism*. To meet current challenges, Biden has said the United States must reform its “habits of cooperation” and stand with its allies and key partners to strengthen the international rules-based order, democratic values, and the international rule of law.⁷ The prominence given to the transnational nature of global challenges and collective action in Biden administration foreign policy documents is a dramatic shift in approach.⁸ The COVID-19 pandemic and its economic effects and climate change are top priorities. Other trans-border issues cited—global health, digital technology, terrorism, threats to democracy—equally depend on collective solutions.⁹ Still ahead is the administration’s task of building the damaged relations with international and multilateral organizations and working with these institutions to show critics at home that cooperative multilateralism can serve American interests.

For Europeans, cooperative multilateralism has been central to the European project and the EU’s advancement. On February 17, 2021 the European Commission reiterated its commitment in its document: “A renewed multilateralism fit for the 21st century: the EU’s agenda.”¹⁰ The document reflects European concerns about the need for rebuilding the rules of a new international order based on universal rules and values and the need to modernize the multilateral system and support the institutions that sustain this order. However, the COVID-19 pandemic is but one example of how difficult the task is, since the demand for multilateral solutions exceeds the supply and resources needed to resolve them. Recognizing this, Germany and France established an “Alliance for Multilateralism” in 2019, an informal network of like-minded countries committed to achieving global peace and stability through cooperation. The launch is timely, but ambiguity about its membership, agenda, and objectives remain, and so the question of whether it can serve as a tool for forging more collective action has yet to be answered.¹¹

Finally, President Biden’s view of the world acknowledges the *blurred line between domestic and foreign policy*. Current challenges and conditions require a reshuffling of priorities that are no longer easily categorized as “domestic” or “foreign.” This forms the basis of what Biden has called “a foreign policy for the middle class.”¹² Globalization has spread its benefits unevenly, and the American middle class has suffered from growing economic insecurity, structural inequalities, and the decline of social mobility.¹³ Advancing American interests in trade and the global economy will help create jobs, raise wages, and benefit working people.

This is an economic proposition—but clearly a domestic political calculation as well. President Biden’s foreign policy is not without its skeptics, and the debate on how a foreign policy for the middle class will be put into action has not been clearly articulated. Some domestic policy issues have no direct foreign policy relevance, and an over-emphasis on the connection may overlook the real and necessary trade-offs in decision making for domestic versus foreign policy commitments. How the Biden administration can translate slogans into tangible socio-economic benefits will be the challenge; overcoming the administration’s razor-thin majority in Congress to pass the president’s legislative agenda will be the ultimate test.

Europe’s leaders have emphasized the need to deliver more to their citizens. In a recent speech, German Foreign Minister Heiko Maas echoed President Biden’s comments that there is no dividing line between foreign and domestic policy.¹⁴ In Europe as a whole, rising socioeconomic inequality and declining access to education and health care benefits, for example, echo trends in the United States. Unsurprisingly, data from the Varieties of Democracy (V-Dem) Institute at the University of Gothenburg point out that countries that experienced a rise in inequalities over the past decade have also seen a decline in democratic governance and the spread of populist/nationalist movements, such as Hungary, Poland, and Croatia.¹⁵ Pushing both sides to resolve transatlantic disputes to then focus on building joint policy approaches that will bring measurable benefits to citizens is the subtext of much of the debate on agenda items.

III.

A Joint Transatlantic Agenda: Expert Recommendations

The material from think tanks provides insights into the current thinking of foreign policy experts on both sides of the Atlantic. The scope of agenda items is formidable, the topics complex and interrelated. China is a top priority, not least because the relationship with China spans across all critical policy areas in play—the COVID-19 pandemic, trade and economics, climate change, technology, security and defense, and democracy and human rights. And yet climate change and technology are equally complex and intersect with as many policy areas. The sidebars for each agenda item discussed encapsulate and summarize the specific policy recommendations compiled from the think tank reports.

COVID-19 Pandemic

The outbreak of the global COVID-19 pandemic has devastated national and global healthcare systems alike, overwhelming every aspect of daily lives and leaving social and economic devastation in its wake. It has exposed significant state weakness in crisis response and management and fundamentally changed ways in which countries think of threats to their security and well-being.

There is overwhelming agreement that the United States and its European allies must move immediately to formulate a joint agenda to respond to the global COVID-19 crisis, integrating U.S. and European efforts with global efforts for a global health agenda to control the pandemic and its impact. The policy actions and directives outlined in U.S. and European government and think tank reports align themselves along a short-, medium-, and long-term response path. It will be an enormous effort that will require complex coordination mechanisms, a commitment to sustained funding, and more direct government and institutional interventions at various levels.

Finalizing, financing, and implementing a global agenda strategy becomes all the more urgent as the delta variant of the virus continues to spread globally, bringing in its wake continued economic hardship, deaths, and social tensions. Fear of a growing global divide between wealthier and poorer countries is widely shared. The pandemic has reversed hard-won advances in poverty reduction, food and agricultural production, worsened economic inequalities, and stunted or even reversed economic growth across the globe.¹⁶ Major obstacles remain—in vaccination compliance, production, distribution, and strategies for future prevention. Global access to vaccines is now the leading determinant of global economic recovery. It is estimated that failure to equitably distribute the vaccines could cost the world economy around \$9 trillion.¹⁷

Pandemic Course of Action

End the Pandemic. Of immediate concern is the *development and equitable distribution* of vaccines, diagnostics (tests), and treatments via support for the World Health Organization's (WHO) Access to COVID-19 Tools Accelerator (ACT-A) and the COVAX Facility. The ACT-Accelerator is a global collaboration to accelerate the development, production, and equitable access to COVID-19 tests, treatments, and vaccines. As part of ACT-A, the COVAX facility's aim is to accelerate the development and manufacture of COVID-19 vaccines and to guarantee fair and equitable access for every country in the world. An international commitment to *finance* these objectives is critical to stopping the virus and its severe economic impact.¹⁸

International efforts require effective institutions, processes, and operating environments. A revitalized and reformed WHO is a critical nexus for the complex set of initiatives controlling the pandemic will require.¹⁹ *Logistics networks* are needed to build vaccine production facilities in the developing world and ensure stable supply chains. To this end, the United States and the EU have established a joint U.S.-EU COVID Manufacturing and Supply Chain Task Force.²⁰ Healthcare has become a national and global security priority, and recommendations include mapping out integrated networks beginning at the community level and national level (clear crisis management plans linked from first responders to hospitals, social services, etc.) to regional and international coordination under the WHO umbrella.²¹

Post-Pandemic Measures

Planning for the prevention of future pandemics is just as critical as fighting COVID-19, and the EU-U.S. summit communiqué of June 14, 2021 agreed to the EU's proposal to create a pandemic playbook. In the wake of the belated and wholly inadequate global response to the COVID-19 outbreak, the WHO's World Health Assembly assembled an independent panel to provide recommendations on how to provide a credible road map for future action.²² Prevention can include mandating international institutions to identify emerging health threats, or stockpiling vaccines. In the

Global Health Agenda

Short-Term

- > WHO Reform
- > Structured, sustained finance through COVAX
- > Development and distribution via ACT-A
- > Build logistics network
- > Mandate international institutions to identify emerging threats
- > Create pandemic playbook
- > Address misinformation and disinformation

Medium-Term

- > Preparedness and Response (integrate global and national emergency preparedness plans)
- > Expand vaccine production facilities to developing world
- > Ensure supply chains
- > Stockpile vaccines

Long-Term

- > Transparency via information/data sharing
- > Signed agreements to share data and conduct joint trials
- > Established global monitoring regimes
- > Fund research and development to close knowledge gaps
- > Improve security responses to further global health threats

Climate Change Agenda

A Transatlantic Green Deal

- > Biodiversity, sustainable food systems, sustainable agriculture, clean energy, sustainable industry, building and renovating, sustainable mobility, eliminating pollution, climate action

Environmental Goals

- > 50% emissions reduction by 2030
- > Net-zero emissions by 2050
- > Reduce hydrocarbons
- > Reduce methane emissions
- > Sign oceans plastics treaty
- > Protection of forests

Finance

- > Sustainable finance framework
- > Prioritize corporate financial disclosure of climate risks
- > Build climate stress-testing of financial sector

Institutions/Agreements

- > Strengthen Paris agreement
- > Revamp U.S.-EU Climate Energy Council
- > Increase sub-national cooperation
- > Establish Green technology alliance
- > Implement Green trade agenda

medium- to long-term, closing knowledge gaps and funding research and development, developing joint trials, and ensuring transparency, data sharing, and global access to the findings will be decisive. The capacity to respond quickly requires flexible and coordinated institutions, tools, and mechanisms already in place.

The COVID-19 pandemic forced upon the international community many hard lessons. Global health is a transnational security threat requiring an immediate and coordinated state and international response, strong institutions, global leaders committed to expending political capital, and sustained funding to mitigate future outbreaks. It underscored the critical role of governments, non-governmental organizations, and the private sector working in continued and close coordination to ensure that response and preparedness measures will mitigate the worst effects of the next pandemic.

Climate Change

Climate change, like the pandemic, is a transnational systemic crisis that intersects all topic areas, affecting the social, political, and economic fabrics of every state and community. President Biden promised swift action to counter the detrimental policies of the Trump administration, rejoining the Paris climate agreement, naming John Kerry as the first U.S. Special Presidential Envoy for Climate, and convening the Climate Leadership Summit on Earth Day in April 2021 to signal the United States was stepping up to lead in fighting climate change. Europe has long been a leader on

environmental issues and has established itself as a major global leader in climate change mitigation.²³

The cross-sectional nature of the climate problem means the United States and its European allies will have to consider its impact across social, political, technological, and economic arenas and work into a comprehensive climate agenda critical adaptation and resilience strategies to adapt to rapidly changing circumstances. For example, experts have called for a Green trade agenda, looking at issues such as

sustainable finance frameworks and stress-tests for the financial sector, as well as a Green technology alliance.²⁴

The most consistent recommendation by experts was the establishment of a Transatlantic Green Deal. The European Commission's 2019 European Green Deal can serve as the foundation for the joint initiative.²⁵ The deal aims to create the necessary legal framework for climate change and sets out three goals: achieve net-zero emissions by 2050, decouple growth from resource exploitation, and work with other countries to achieve a green transition for all. Eight action areas are identified: climate, energy, agriculture, industry, transportation, oceans and environment, finance and regional development, and research and innovation.²⁶ The real promise for moving a global strategy for climate change comes with the leverage created by the combined substantial technological expertise and economic and convening power of Europe and the United States.

Other issues still need to be resolved, such as the disagreement over the EU's call for a carbon border adjustment mechanism (CBAM). The aim is to put a price on imported goods to Europe to equalize costs to European industries, keeping them competitive and preventing them from moving to countries where it is cheaper to pollute. So far, the United States remains skeptical. John Kerry, the US climate envoy, called it a "last resort."²⁷ Worrying to some is that several Democrats in the U.S. Senate want to set up a competing "polluter import fee."²⁸ If the U.S. and European mechanisms are developed on different baselines, then the overall positive effect for climate mitigation could be dampened or cancelled out. Regardless, dealing with the effects of climate change globally will require new international regulatory structures and a transatlantic commitment for compromise.

There are positive actions to consider. Bypassing the political stalemate in Washington to take advantage of initiatives at the state and local levels has real potential, as the example of California illustrates.²⁹ The U.S.-EU Climate Energy Council could also be reinvigorated. Additionally, the U.S. and its European allies can work in tandem in the World Bank and the International Monetary Fund to ensure developing countries receive the assistance they require to make global advances in climate change mitigation.³⁰

Finally, climate change has moved to the top of the security agenda. The Munich Security Conference communiqué argued that militaries must treat it as a "threat multiplier," i.e., as a hard power issue, since it accelerates existing political and economic changes that can lead to conflict and potential crises. The relationship of climate change to conflict is extremely complex, and the expert community is divided. Most argue there is no hard evidence to support a *causal* effect; rather, climate change is one factor in many that can act as a catalyst for conflict. What scientists and academics do agree on, however, is that the climate-conflict linkage may well change in the future: as the effects of climate change intensify, the risk of conflict is likely to increase as well.³¹

China Agenda

Trade

- > Pursue reciprocity and level playing field (market access)
- > Adapt Africa policy to counter China Belt and Road Initiative
- > Curb Chinese state subsidies
- > Prevent intellectual property theft
- > Technology export controls to protect critical infrastructure and technologies (5G networks)
- > Strengthen and harmonize investment screening mechanisms
- > Build broad international coalition to support agenda

Technology and Digitalization

- > Counter forced technology transfers
- > Counter Chinese cyber espionage
- > Strong activism in international institutions in setting global standards for emerging technologies

Democracy and Human Rights

- > United front on human rights
- > Sanctions for human rights violations (Hong Kong, Xinjiang)

Security and Defense

- > Taiwan as a flash point
- > Counter Chinese military build-up in Indo-Pacific region

Climate Change

- > Coordinate strategy in international organizations to gain Chinese compliance

Integrating China's Rise

China's growing political, military, and economic strength has led to a reassessment of China's intentions and strategies. This change in outlook was driven by several factors: the growing cognizance that China rejected a role of stakeholder in the existing international order and actively promoted an alternative system of global governance; its continued unwillingness to comply with WHO rules protecting fair and competitive trade; and its rapid military expansion and aggressive actions in the Indo-Pacific region and the South China Sea.

The United States now sees China as its primary geostrategic competitor. Europe, much more dependent on exports to China, has until recently tended to view China through a more economic and commercial lens and emphasized mutual engagement rather than confrontation. Both Europe and the United States agree on the advantages of, and need for, a joint and comprehensive strategy encompassing a wide range of issues but see difficulties ahead. The cross-cutting nature of relations with China makes the development of a joint U.S.-European China agenda especially difficult.

For the United States, managing the relationship with China is the decisive foreign policy priority. Biden announced the United States will cooperate with China where interests are shared, compete with China from a position of strength, and confront China when needed—the often quoted “3 C’s” of the American approach. The general tenor of the debate, however, is that the U.S.-China relationship is on a confrontational course.

In comparison, the EU's High Representative for Foreign Affairs, Josep Borrell, described China as the EU's “partner, competitor, and systemic rival.”³³ Attitudes in Europe, however, have shifted and taken on a more critical stance vis-à-vis

Beijing. While Europeans share American concerns, they are not agreed on the tactics. More to the point, there is no European consensus on what a common China strategy

should look like.³⁴ Above all, European leaders do not want to be forced to choose sides in a zero-sum geopolitical competition, although it is another question whether it will be possible to maintain a strategy of equidistance over the longer term.

The challenge will lie in balancing these three facets—cooperation, competition, and potential confrontation. The critical policy determination will be defining how key issues will be distributed amongst the three options. The complicating factor is the ways in which issue areas intersect and overlap with one another.

Trade and Technology. A key step for almost all think tank experts was first resolving differences over trade and technology among U.S. and European policymakers in order to then approach China with a coherent and unified response to what is a long list of complaints about Chinese violations and bad behavior: state government subsidies, intellectual property theft, cyber espionage, surveillance activities, forced technology transfers, limited market access, and other unfair trading practices.³⁵ Above all, the United States and its European partners must stay committed to a coordinated multilateral approach, whether it is in trade negotiations, WTO reform, or developing mechanisms to halt forced technology transfers.

Two issues in the reports are worth noting. The first is the emphasis given to the issue of competition and reciprocity in relations with China. China is accused of enforcing a double standard of expecting open access to western markets while closing off their own markets to others. In response, the U.S.-China Economic and Security Review Commission (USCC), a congressional advisory body, has recommended putting reciprocity at the center of U.S. China policy.³⁶ But experts warn against this. Reciprocity, they point out, is a tool, not a strategy; the goal, as former U.S. Secretary of the Treasury Henry M. Paulson, Jr. argued, is not a reflexive reciprocity but competition without confrontation: still holding China accountable while avoiding a tit-for-tat exchange that can only serve to harm all countries.³⁷ The second topic is the broader discussion on “decoupling.” Political leaders, particularly in the United States, have responded to China’s deepening of their state capitalism model and to glaring dependencies on global supply chains by calling for economic and technological decoupling from China. Experts point out that global interdependencies make decoupling an unrealistic and unachievable goal, with U.S. companies losing hundreds of billions of dollars should this route be chosen.³⁸ Untangling those components of the U.S. and European relationships with China that are mutually beneficial while mitigating risk in other areas is a reasonable approach.³⁹

Security and Defense. The security concerns are multiple and growing. President Xi Jinping’s assertion that he will work towards “national rejuvenation” while countering “any attempt toward Taiwanese independence” has raised the prospect of Taiwan becoming a flash point.⁴⁰ Tensions in the South China Sea continue to rise. The United States has elevated two multilateral blocs to counter China strategically. The Quad (Australia, India, Japan, United States), an informal and “soft-power” (e.g., non-military) organization, is designed to build cooperation in the area. The second organization, AUKUS (Australia, United Kingdom, United States), is a military response to China’s

alarming tactics in the Indo-Pacific region. What role Europe may play in the Indo-Pacific will be affected by AUKUS' controversial establishment in September 2021, when Australia abandoned a \$66 billion French submarine contract and signed a separate nuclear submarine contract with the Americans and British. It remains an important question since Europe, too, has a deep strategic interest in protecting the global norm of freedom of navigation and ensuring safe international transportation routes.

Democracy and Human Rights. Policy experts recommend placing sanctions on China for human rights violations, such as those in Hong Kong and in Xinjiang against the Uighurs. There is agreement that Europe and the United States should be unified in responding to China's violation of democratic norms and human rights.

In sum, there are many issues on which the United States and its European allies and partners can begin to craft a more unified and comprehensive approach to China, such as trade, climate change, and protecting democracy and human rights. But strong divisions remain, particularly on trade and technology, that hinder the advancement of a coordinated China policy. After the initial U.S.-EU Dialogue on China meeting in June 2021, U.S. Deputy Secretary of State Wendy Sherman laid out six "working streams" that will frame its discussions: resilience, security, reciprocity, human rights, multilateralism, and engagement.⁴¹ This is but one of a multitude of institutional settings that will be established as the transatlantic partners begin to define future relations with China.

Trade and The Global Economy

The strength of the transatlantic alliance is reflected in the power of the U.S. and European economies—not just in tangible goods but in foreign direct investment, services, global digital connectivity, and bilateral R&D and innovation flows. Annual total commercial sales in transatlantic trade is estimated at \$6.2 trillion.⁴² U.S. investment in the EU is \$3.5 trillion, with Europe's investment in the United States standing at \$2 trillion. Globally, Europe and the United States are the two leading service economies.⁴³

On trade policy, the G7 summit communiqué of June 13, 2021 and the U.S.-EU summit statement of June 15, 2021 provided a detailed roadmap for what observers agreed is critical to the transatlantic agenda.⁴⁴ European and U.S. leaders recognize that cooperation on trade is the only way to make progress on important economic and foreign policy goals, and the combined economic power of the United States and Europe can be leveraged to advance objectives on other agendas such as digital technology, COVID-19, climate change, and relations with China.

The G7 communiqué's subtitle, "Our Shared Agenda for Global Action to Build Back Better," reinforces the Biden administration's prioritization of a "foreign policy for the middle class" to bring tangible benefits to the American middle class. The Biden administration promises that the bipartisan-supported \$1.2 trillion infrastructure bill will help create good-paying jobs while it helps modernize America's aging infrastructure and energy power grid. The climate change and clean energy targets that a bipartisan group left out of the \$1.2 billion bill appeared in a separate "build back better" budget resolution

bill, including reducing emissions, providing tax breaks on wind turbines and electric vehicles, and requiring electricity providers to use cleaner forms of energy.⁴⁵

U.S. and European experts urged the United States and Europe to first resolve existing trade tensions so transatlantic discussions can turn to more complex, interrelated trade issues. The long-standing dispute between Airbus and Boeing was neutralized by an agreement announced on June 15, 2021 that suspends billions of dollars of punitive tariffs for a period of five years.⁴⁶ At the EU-U.S. summit in June 2021, Americans and Europeans agreed to resolve the issue of U.S. tariffs on steel and aluminum applied under U.S. Section 232 and to address the problem of overcapacity in the industry by year's end.⁴⁷ Finally, the United States and Germany succeeded in agreeing on a resolution to the Nord Stream 2 dispute. In May 2021, the Biden administration waived sanctions on Nord Stream 2 AG and, following negotiations, agreed in July to allow the pipeline to be completed. Germany committed more than €200 million to provide energy security to the Ukraine.⁴⁸ Republican senators opposed to the pipeline responded by sponsoring a bill to reverse the waiver, though the bill is not expected to garner significant support.⁴⁹

One vehicle already established to coordinate trade and technology issues is the U.S.-EU Trade and Technology Council (TCC), which met for the first time in Pittsburgh on September 29, 2021. Established only in June 2021, the fact that the meeting happened despite French efforts to derail it over the U.S. decision to provide Australia with nuclear submarines is a sign both sides are prepared to move on efforts to counter coercive and unfair practices in the global trading system. Ten working groups were established to work on issues such as supply chains and semi-conductors, technology standards, climate and clean technology, data governance, export controls and investment screening, and Information and Communication Technology and Services (ICTS) security and competitiveness.⁵⁰ A glance at the trade agenda list shows how many of the trade issues overlap with issues on the China policy

Trade and Global Economy

Convergence On:

- > EU-U.S. Trade and Technology Council (TTC)
- > WTO reform
 - Alternative appellate body
 - Resolve dispute settlement process
 - Update WTO rulebook
 - Trade policy on COVID-19
 - Protection of supply chains
- > Strengthen export control rules (robotics, quantum computing, semi-conductors)
- > Stronger intellectual property rules
- > Stricter investment screening requirements
- > Enforce reciprocity in market access conditions
- > Lead in setting standards in international bodies
- > Deepen regulatory and standards cooperation
- > Joint Green Trade Agenda
- > Reciprocity in market access
- > Global minimum tax rules
- > Reject "mega" trade agreements in favor of targeted sector-specific agreements

Resolve Disputes On:

- > Airbus-Boeing commercial aircraft
- > Nord Stream 2
- > Privacy Shield
- > U.S. tariffs on steel and aluminum
- > Agricultural trade
- > Extraterritoriality and U.S. use of Section 232

agenda and the importance given to building resilience against the distorting trade actions of “non-market economies.”⁵¹

The underlying theme on trade issues, as with so many other agenda concerns, is protecting the existing rules-based order while working multilaterally to restructure it to be more inclusive and resilient to meet future challenges. Past efforts to establish trade and technology partnerships, such as the Obama administration’s efforts in 2013, lost momentum when officials disagreed on how to move forward. It appears the United States and Europe have accepted the need for action, and experts hope that the transatlantic partnership can use its economic and political weight to build compromises to bring real change.

Technology and Digitalization

A U.S.-European agenda on technology is an urgent priority. Perhaps more than any other agenda item, technology today is the fabric of our lives—the way we communicate, work, and learn, and how we drive cars or pay for goods. Technology is also at the leading edge in the growing political and economic competition that will shape the contours of the emerging international order.

The technology/digital sidebar shows the scope as well as complexity in achieving a transatlantic technology agenda, in areas such as privacy, competition, and content regulation. Policy experts emphasized the need to first resolve existing disagreements in order to focus on more longer-term structural and institutional requirements. There are fundamental differences on a host of issues: privacy rules, antitrust laws, 5G regulation, and data governance. Other dynamics are at play, too. Europeans and Americans have approached the technology challenge from different angles. The EU has focused on building regulatory regimes, while the United States leads in technology development. And, not surprisingly, the American preference for market-driven solutions vs. the European emphasis on regulatory standard-setting spills into debates about how to control the power of internet platforms and big tech companies, privacy protection, and the growing use of digital tools for malign influence.

These fundamental differences and policy disagreements are pushing the United States and Europe in diverging technology policy directions. This, for experts, would be strategically indefensible and enormously damaging for both sides. To avoid the risks such a division would bring, a comprehensive and strategic dialogue on digital technology, e.g., a U.S.-EU Digital Council, is recommended.⁵²

Perhaps the most critical task for the transatlantic partnership is to work within international regulatory bodies to ensure that the new technology rules of the road will protect privacy, competition, access, fairness, and transparency in the international system.

In the process, the Europeans must commit the funds to close the gap in their technology hardware development and production, and the United States must acknowledge the

significance of regulatory regimes.⁵³ A highly specific rules-based regulatory regime can mitigate risks and infuse more certainty and policy direction into the field.

But there is strong agreement for moving on other concerns that focus on protective measures and cyber security: to counter disinformation, misinformation, and state surveillance; strengthen network security and supply chains, especially for semi-conductors; and protect emerging technologies (AI, quantum computing, robotics, 5G and the internet of things).⁵⁴ Already, the transatlantic disagreement over a corporate minimum tax was resolved by working through the OECD. On July 1, 2021, 130 countries representing more than 90% of global GDP agreed to a 15% global cross-border taxation rate for multinationals.⁵⁵ The agreement aims to prevent global corporations from taking advantage of different levels of national taxation rates by moving their headquarters to low-tax countries.

The protection of an open, fair, and rules-based international system, and the protection and support of older democracies and newer democracies, are inextricably linked to technology. Experts called for clear and proactive policy measures, working with allies to reinforce defense infrastructures, and strengthening institutional and informational exchange between countries and between NATO and the EU (e.g., with the U.S. Cyber Command and the U.S. Cybersecurity and Infrastructure Agency).⁵⁶

A U.S.-EU technology coalition must be broad in scope and commit similar levels of attention to issues beyond technology itself. The speed and impact of technological innovation create unintended effects, and since these effects often are not immediately discerned, the result is that technology moves far ahead of the more deliberative policy process. Critical will be coordinated efforts to regain a strong hand in international rules and standard-setting bodies.

Technology/Digital

Bilateral Issues to Resolve:

- > Privacy and data protection
- > WTO reforms
- > Anti-trust laws
- > Digital Markets Act (DMA)
- > Digital Services Act (DSA)
- > Global corporate minimum tax

Needed Cooperation:

- > Standards and regulations
 - Rule-setting standards in international bodies
 - 5G regulation
 - Strengthen antitrust enforcement in digital markets
 - Investment screening standards
- > Security Measures
 - Joint export control regime
 - Counter misinformation and disinformation
 - Strengthen network security
 - Secure digital supply chains
 - Protect against state surveillance
 - Enhance cybersecurity measures
- > Digital Technology
 - Reach joint AI agreement
 - Create joint R&D projects

Coordinating Mechanisms

- > Transatlantic Trade and Technology Council
- > High-level Transatlantic Technology Forum with “actionable” powers
- > Transatlantic “COCOM” to protect sensitive technologies, and for investment screening
- > Establish US-EU Digital Council

The Trump administration's hostility to multilateralism and the consequent withdrawal from United Nations institutions left a vacuum that the Chinese government has filled. At present, China heads four of the 15 UN agencies.⁵⁷ Furthermore, decision makers face a growing "digital distrust" on both sides of the Atlantic that must be addressed. Technology will become even more ubiquitous in everyday life, and polls reflect growing skepticism about the impact of new technologies on people's lives, privacy, safety, and their democracy.⁵⁸ Arguably, this is a dimension that should not be ignored.

Finally, transatlantic cooperation must also include greater investment in research and development. Quite simply, strong cooperation is needed to drive innovation and harness new technologies. But the United States and its European partners must also create partnerships in innovation multilaterally. Creating institutional bodies that include experts from many countries and across all disciplines and sectors (government, private, academic) would serve as a valuable source of technical expertise for policymakers.⁵⁹ The COVID-19 pandemic shows how urgent these questions are in ensuring that developing countries are not left behind. Sharing technology can help make a real and sustained contribution to global development.

Security and Defense

For policy experts, the renewed U.S. commitment to NATO at the June 2021 summit constitutes a window of opportunity for real change to adapt the transatlantic security alliance to new international realities. Europeans welcomed the Biden administration's swift move to reassert American commitment to NATO and to closer cooperation with the EU, but the commitment to closer cooperation comes with American expectations that Europe deliver on increasing defense spending and military capabilities while assuming more responsibility for security in its own neighborhood.⁶⁰ The NATO communiqué from the June 2021 summit reflects the alliance's strong commitment to countering threats across a wide spectrum of issues: NATO-EU security and defense issues and activities in the eastern and southern flanks, technology and cyber threats to the alliance, arms control and nonproliferation, and the need for a joint strategy to counter Russia and China's growing influence.⁶¹

NATO-EU Relations: One of the core tasks facing NATO and the EU is to recondition and intensify security and defense cooperation to address emerging threats collectively. There is a consensus that to face these threats, the transatlantic security partnership must overcome old rivalries and ways of thinking and commit the political capital, funding, and adaptive policies necessary to build a more robust security relationship. Complementarity of efforts and effective communication will be vital in advancing common goals.⁶²

The report's sidebar reflects the wide spectrum of issues placed on the transatlantic security agenda, reflecting both internal and external challenges.⁶³ Much of the concern is focused on greater coordination on NATO's northeastern and southern flanks, underscoring a persistent theme in security debates: the urgent need to stabilize

Europe's neighborhood. In the high north and northeast, growing Russian aggression on NATO's borders have forced a reassessment of NATO strategy, plans, and posture. The Baltic states are particularly exposed, but many countries in Central Europe and northern Europe have been targets of Russia's belligerent activities: snap military exercises, cyberattacks, espionage, and violations of territorial sovereignty (air and sea). NATO members have acted to strengthen their defense capabilities; recommendations include calls for additional defense resources deployed to Poland and the Baltics, making NATO's bases and troop rotations permanent, and regional coordination on maritime reconnaissance.⁶⁴

More recently, there is concern about Russia's growing control in Belarus. Russia supported Belarus President Lukashenko following the protests in Belarus after a manipulated presidential election in 2020 by providing loans, oil and gas supplies, and political backing.⁶⁵ Now, in an agreement signed on September 9, 2021, the two countries will implement 28 integration plans, merging macro-economic policies, taxes, and custom rules and creating unified markets for gas, oil, and electricity. Closer political integration, Putin and Lukashenko agreed, is the next step. This follows what some observers already see as a de facto merger of Russian and Belarussian militaries: joint exercises, permanently based Russian fighter jets, and Russian anti-aircraft missile troops deployed near Belarus' western border with Poland and Lithuania.⁶⁶ Such moves raise the potential for conflict in the European theater and only reinforce the need for greater NATO-EU cooperation in the region.

NATO's southern flank presents a different set of challenges—terrorism, drug and weapons smuggling, human trafficking, migration flows—involving state and non-state actors. Building a comprehensive approach to stability and security in this complex transnational environment is also an urgent agenda item. NATO has established

Security and Defense

NATO-EU Relations:

- > Establish EU-US Security and Defense Dialogue
- > Craft comprehensive deterrence strategy
- > Prioritize military mobility
- > Tackle capability shortfalls
- > Deliver on defense spending
- > Modify burden-sharing metrics
- > Integrate NATO energy and climate change plan
- > Stabilize relationship with Turkey
- > Focus on defense modernization
- > Strengthen intelligence sharing
- > More resources deployed to eastern and southern flanks
- > Monitor events in Belarus
- > Lock in security partnership with UK

Coordinated Cyber Defense Strategy

- > Counter disinformation, election interference, money laundering
- > Safeguard sensitive technology, infrastructure, innovation

Ukraine

- > Maintain sanctions and security assistance
- > Rethink Minsk II
- > Discuss compensation for loss of transit fees (Nordstream 2)

Other

- > Revive JCPOA
- > Restore cooperation in Western Balkans
- > Build coordinated US-EU China policy

frameworks of cooperation in the Mediterranean and Gulf regions (Mediterranean Dialogue, Istanbul Cooperation Initiative) and two centers (NATO Strategic Direction-South Hub in Naples and the NATO-ICI Regional Center in Kuwait), but critics point to a lack of a clear strategic vision for how to handle the multifaceted challenges.⁶⁷ Reports singled out the Western Balkans and Turkey as critical agenda items requiring close U.S.-EU cooperation in the region.⁶⁸ For many observers, Turkish actions have disrupted relations in the region: its ongoing disputes with Greece on Cyprus, gas exploration in the Eastern Mediterranean, and migration concerns; its regional ambitions and military operations in Syria, Iraq, Azerbaijan, and Libya; President Recep Tayyip Erdoğan's decision to purchase Russian S-400 missiles; and weakening democratic institutions and assaults on human rights protections. All these require sustained U.S.-EU attention and resources.⁶⁹

Two issues woven into the U.S.-EU and NATO security debate deserve closer attention. One is the discussion around the EU's concept of strategic autonomy, which encapsulates some of the most important yet intractable issues in transatlantic security. The term reflects an older debate about the balance of U.S.-European strategic interests and capabilities along with insecurities about America's longer-term commitment to European defense.

There is no consensus on what strategic autonomy means, but recent events have given the argument for strategic autonomy more weight.⁷⁰ Europe faces more security threats: Russian activities on its eastern border, conflicts in fragile states bordering Europe, and migration pressures across its southern periphery. EU leaders agree Europe must assume more responsibility for its security and defense. For some analysts, however, the debate is mistakenly focused on the United States rather than on the EU itself.⁷¹ For example, does Europe have the ability to defend itself? Not in the view of experts who point to its lack of capabilities, the profound differences in national defense policies, and the absence of political will to build a common security and defense policy—and to pay for it.⁷² Arguably, EU members do not want a fully autonomous European force outside of Europe, but there is a growing view that they need to be prepared to respond in scenarios critical to European security but where U.S. interests may not necessarily be engaged. Recently a State Department official assured Europeans that President Biden “absolutely” supports an EU move to develop their own strategic military capabilities.⁷³ With a shifting security landscape and new threats, the EU will have to decide what strategic autonomy means in that context and whether its members are willing to pay the price.

The debate on strategic autonomy is inextricably linked to the second issue, that of the gnawing concern around trust and reliability in the U.S.-European security relationship. The U.S. shift to Asia and China is one factor, but the Biden administration's judgement not to fully engage its European allies in its decision to withdraw from Afghanistan was a shock.⁷⁴ Relations with the United States have been further challenged by the uproar caused by the September 2021 Australian withdrawal from a \$90 billion submarine

contract with France in favor of a new security pact with Australia, the United States, and the UK (AUKUS).⁷⁵ The need to respond militarily to China's growing military presence in the Indo-Pacific region drove the *volte-face*, but the decision ignored the fact that France is an Indo-Pacific power with 1.6 million citizens living in the region, and it is more active in the Indo-Pacific region than any other European country. Arguably, given France's strategic interests, measures could have been taken to incorporate the French forces into the new, emerging coalition in the Indo-Pacific. Additionally, the EU had, just a day earlier, published its joint communication strategy for cooperation in the Indo-Pacific, and that already in 2020, the German government issued its own policy guidelines on the Indo-Pacific.⁷⁶ In both the Afghanistan and AUKUS cases, European allies felt U.S. consultation to have been if not absent, then so tardy as to raise questions about whether a consensual and equal partnership exists.⁷⁷

Arms Control and Nonproliferation: Iran. The goal of the United States and its European partners is to bring the Joint Comprehensive Plan of Action (JCPOA) back into effect, such that Iran is in full compliance and the stipulations are honored by all parties. The problem is Iran's complete lack of trust of the United States and its anger about Europe's reluctance to take risks to engage Iran economically in the face of many layers of U.S. sanctions. A complicating factor is the western desire to expand the talks to deal with long-standing concerns about regional security issues, Iran's ballistic missile program, and its support of terrorism—issues distinct from the JCPOA as a nuclear non-proliferation agreement. Indications are that the Biden administration does not intend to quickly rejoin the JCPOA accord, and the negotiations appear at a stalemate. For Iran, the U.S. withdrawal and subsequent actions means the onus falls to the United States to make the first concessions, but the Biden administration is not prepared to do so. Agreeing to move in parallel could break the stalemate; the United States could, for example, release some frozen Iranian assets to purchase COVID vaccines and other medical products, while Iran could halt some activities it has resumed in breach of the JCPOA.⁷⁸ There are any number of concerns that still remain: the new and more conservative government of President Ebrahim Raisi will be a more difficult negotiating partner, the agreement is nearing its expiration, and the longer it takes to reach consensus on an agreement, the more time the Iranian regime has to continue its escalation of enrichment.

In sum, for the United States, China has become the strategic priority and, in parallel to this shift, the Biden administration will look to Europe to become a more dependable strategic actor in its neighborhood. But recent events have damaged the goodwill between the United States and its European allies. Building sustainable U.S.-European positions on such complex agenda objectives will be harder to achieve if strong transatlantic cooperation is neglected.

Russia Agenda

- > Revive arms control talks – New START extension
- > Maintain sanctions

Ukraine

- > Maintain sanctions
- > Rethink Minsk II
- > Security assistance maintained
- > Discuss assistance in lieu of N2 transit fees

NATO: Counter Russia

- > Establish working group to modernize burden-sharing metrics, broaden scope of security
- > Integrate NATO energy and climate change plan
- > Stabilize relationship with Turkey
- > Make progress on NATO-EU security talks
- > Emphasize defense modernization
- > Coordinated strategy for cyber defense

Security and Defense: Russia

Russia presents any number of serious security challenges. Putin's strategic vision is fueled by a rejection of a western-framed international system and a desire for Russia's return to great power status and a reconstruction of a Russian sphere of influence in the post-Soviet space and beyond. While still a significant military and nuclear power, Russia's economy is weak and dependent on its oil and gas exports. It is challenging international norms, European security, democratic systems of governance, and the cohesion of the transatlantic alliance. For the Russian government, all ills can be laid at the feet of the western democracies, which are viewed as the major barrier to its strategic aims.⁷⁹

For the United States, Russia is not viewed as a strategic competitor in the same way China is seen, but it remains a significant military and nuclear power and thus important for U.S. strategic policy. For Europe, Russia's geographic proximity and its oil and gas exports means Europe's relationship to Russia has been defined more by trade and economic considerations. Nevertheless, European views towards Russia have hardened because of its continued military actions in the Ukraine, cybercrimes, election

interference, and disinformation and misinformation campaigns in European countries. In response, at the June 2021 summit meeting, the United States and the EU agreed to establish a High-Level Dialogue on Russia to coordinate policies and actions.⁸⁰

Ukraine. The stand-off in the Ukraine continues, and experts have called for the abandonment of Minsk II and a complete rethinking of a joint negotiating strategy to jump-start a new round of talks. Experts are hopeful that the Biden administration's commitment to the Ukraine will help restore a more conducive environment for resolving the crisis. Completion of the controversial Nordstream 2 is a factor here. In July 2021, the United States and Germany reached an agreement that allowed completion of the pipeline, which occurred on September 10, 2021. President Biden, acknowledging that the project, already 95% complete, could not be canceled, waived U.S. sanctions on Nord Stream 2 after a State Department report concluded that it was in the U.S. national interest to do so.

It was an acknowledgement that the new administration was reluctant to risk a transatlantic conflict with Germany when it needs Europe to step up its security

obligations in Europe and abroad. The agreement commits Germany to invest more than €200 million to ensure Ukrainian energy security and in compensation for lost transit fees Ukraine would have gained as a transit country. In addition, Chancellor Merkel pledged that Germany would take action against Russia should it attempt to coerce the Ukraine, and the Biden administration signaled it will levy sanctions against Russia in such circumstances as well. Though the pipeline is finished, reports say there will be delays of possibly eight months or more related to an EU certification process to confirm it is compliant with EU rules.⁸¹

The transatlantic security and defense issues intersect every aspect of the transatlantic agenda—trade, technology, strengthening democracy, energy security, and others. The need for close coordination and communication is thus self-evident; there is little success without cooperation. The United States should support EU efforts to strengthen its security and defense profile and accept a co-leadership model, and the EU must deliver a common European security vision and the requisite capacities that a joint security alliance demands.

Democracy and Human Rights

A commitment to liberal democracy, human rights, and the rule of law is central to the transatlantic alliance. The discourse on democracy and human rights reflected in the reports, while often generally phrased, nevertheless showed how other agenda items such as digital technology, relations with Russia and China, and security are integrally connected with democracy and human rights concerns. An expansive agenda for supporting democracy, human rights, and an open, just, and inclusive society appear in the communiqués and statements from the EU-U.S. summit and the G7 summit.

Complicating this agenda is the weakening of democratic institutions in western democracies, from domestic sources—extreme political polarization, identity politics, social and economic inequalities, corruption—as well as external sources—disinformation and misinformation, election interference, and cyber threats.⁸² Added to these are broader dynamics such as geopolitical competition and China's growing power, doubts about the long-term leadership role of the USA, and the global pandemic and associated economic hardships. The challenge is thus twofold: addressing democracy and human rights concerns both at home and abroad.

A broad majority of policymakers and advisors contend that four years under the Trump administration have weakened U.S. democratic institutions, particularly with Trump's continued refusal to accept his electoral loss despite consistent evidence to the contrary (provided even by Republican-leaning officials and organizations).⁸³ Many analysts argue that Trump's inflammatory rhetoric on January 6, 2021 was a factor in the assault on the U.S. Capitol in an attempt to stop the certification of Joe Biden as the next U.S. president. The results of the Pew Research Center's January 15, 2021 survey reflected the effects of America's extreme partisanship, in which public attitudes about the source of the violence and destruction divided along party lines.⁸⁴

Democracy and Human Rights Agenda

Summit for Democracy

- > Defend against authoritarianism
- > Fight corruption
- > Promote respect for human rights

Promote Open Societies

- > Fight corruption—share information on illicit financial activities
- > Strengthen media freedom
- > Realize gender equality and protection of civilians in conflict

Technology

- > Counter misinformation, disinformation, hate speech
- > Fight ransomware
- > Ensure free and open internet

Trade

- > Remove forced labor from supply chains
- > Tackle misuse of shell companies

A June 2021 Pew Research Center poll of 16 countries documents the damage to America's moral standing and to its role as a symbol of democracy. While Biden's election led to a dramatic shift in positive views of the United States, majorities or pluralities of respondents no longer believe the United States is a good model of democracy: a median of only 17% felt U.S. democracy was, in fact, a model worth emulating. Tellingly, just 11% describe the United States as a "very reliable partner," with a median of 56% describing the United States as "somewhat reliable."⁸⁵

The quality of democracy has also suffered in parts of Europe, with the rise of extremist populist parties and, as in the United States, the social and economic effects of the COVID-19 pandemic and public discontent in the wake of growing inequalities, stagnant living standards, and social unrest. In June 2021, the Council of Europe's annual report on the state of EU democracy, human rights and the rule of law wrote of a "clear and worrying degree of democratic backsliding" and the need to do more to protect journalists, ensure gender equality, fight corruption and hate speech, and strengthen judicial independence.⁸⁶ Democratic backsliding, i.e., the weakening of political institutions that sustain a democracy, is thus a foreign policy issue. What is particularly worrisome is that democratic backsliding is driven

by elected officials charged with protecting the very democratic institutions that are under attack.⁸⁷

The United States and Europe are committed to building a peaceful world, to help resolve conflicts, uphold the rule of law, promote human rights and equality for all, and help support democracy across the globe.⁸⁸ Early on in his administration, President Biden called for the convening of a Summit for Democracy, though America's weakened democratic leadership led some observers to urge Biden to abandon the idea. However, on August 11, 2021 the Biden administration announced that a virtual Summit for Democracy will take place on December 9-10, 2021, to be followed by a second in-person summit in 2022. Three themes will guide the proceedings: defending against authoritarianism, fighting corruption, and upholding respect for human rights.⁸⁹ The summit announcement noted that representatives from governments, civil society, the private sector, and philanthropy will be invited, with a mix of established and "emerging" democracies.⁹⁰ The stated goal of the summit is to bring together

like-minded countries to work together to build a common approach and show that democracies can deliver on what its citizens need: security, prosperity, economic opportunities, protection of rights, and a government accountable to the people it serves.

The criticism of its detractors was less about the goal than about its execution. If the goal is to strengthen democracies, which countries will be invited? How to avoid the appearance of exclusion while espousing inclusion? Other observers argued that now is precisely the right time for the United States, Europe, and other countries to focus global efforts on building a multilateral coalition of countries dedicated to defending democracy around the world. A study by the Swedish V-Dem (Varieties of Democracy) Institute reported that 68% of the world's population lives in electoral autocracies, a 20% increase in only a decade. In contrast, people living in liberal democratic countries comprise only 14% of the world's population, and the percentage of people living in democratizing countries has fallen to 4% in the same period.⁹¹

For many experts, it is increasingly clear that the challenges to protecting and strengthening global democracy will require a broader and more inclusive multilateral approach with western and non-western democracies and a different kind of institutional architecture that gives non-western democracies more agenda-setting power.⁹² If carefully designed and approached, the Summit for Democracy could be a flexible platform to help counteract the slide towards more authoritarianism, as would other organizations such the Alliance for Multilateralism, the German-led initiative to strengthen international cooperation and international institutions.⁹³ A recent Carnegie Endowment report laid out a strategy for "middle-power democracies," among them the countries of Europe but also Australia, Japan, and South Korea, to take a lead in fostering democratic engagement.⁹⁴ These countries have the leverage, diplomatic engagement, and multilateral experience to make a significant contribution in supporting global democracy efforts. To succeed, however, the middle-power democracies need close solidarity, strong coordination, a set of mutually agreed upon priorities, and a commitment to widening the range of partners with which to cooperate. Most important is the emphasis on a shared leadership strategy whereby middle-power democracies take a leading role on issues or in geographic areas where they have the leverage and can make the most impact, and where the United States can play a supportive role rather than a determining role.⁹⁵

Democracy is the baseline that defines the structure of the existing international order and that resonates through all the topics deemed essential to the transatlantic relationship. Building coalitions to support democracy and protect human rights will require policy makers on both sides of the Atlantic to think differently about what that will mean for the success of the new transatlantic agenda.



Conclusion

If there is one theme that flows through the many discussions about the future transatlantic policy agenda, it is the inevitability of change and the need to respond to shifting circumstances and challenges in the decades ahead. The scope and complexity of the challenges facing the United States and Europe are daunting. The eight topical areas on the transatlantic agenda reviewed in this report show the magnitude of the tasks ahead. And there are other issues on the horizon that, while not discussed in any detail in the reports, will only grow in importance, such as the future of space security and space-related cooperation and growing competition in the Arctic.

Most importantly, the transatlantic agenda of multifaceted and interdependent issues drives home the necessity of a new assessment of shifting international dynamics and patterns and a recalibration of the transatlantic partnership. The United States and Europe are emerging from one of the most damaging and contentious periods of their relationship, and relations have weakened precisely at a time when global challenges are such that no one country is capable of resolving them alone. Countries on both sides of the Atlantic will have to make even greater efforts to adapt and revitalize their relationship and deepen mutually beneficial cooperation.

What is also clear in the list of priorities on the transatlantic agenda is the emphasis given to a broader scope of the nature of threats that will occupy the energy and resources of states in the 21st century. Traditional security threats remain concerns, but the list is topped by nonmilitary security threats, which can often magnify existing conflicts: the COVID-19 pandemic, environmental degradation and climate change, weakening democratic institutions, and threats emanating from digital technologies and platforms. Acknowledging these disruptions will require a broader notion of security—foreign and domestic—and broader and more inclusive coalitions of countries that will benefit the United States and Europe and help limit vulnerability, build resilience, and craft workable and sustainable policies for the wide range of contingencies that lie ahead.

Endnotes

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APPENDIX A:

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