

# POLICY PAPER

## Rebuilding the Transatlantic Relationship – Transatlantic Policy Forum in Review

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## Introduction

The third annual Transatlantic Policy Forum (TAPF) was organized by EUROPEUM Institute for European Policy, the German Marshall Fund of the United States, the Visegrad Fund and the Ministry of Foreign Affairs of the Czech Republic. The virtual roundtable took place on October 13, 2020, and engaged with a range of transatlantic experts and explored key challenges and opportunities around the future transatlantic relationship.

This year's Forum outlined some of the unprecedented challenges the world is currently facing – from a global pandemic to the uncertainty of the US Presidential elections outcomes, what was clear, is that while nations turn inwards to focus on dealing with a second wave and post-pandemic economic recovery, it should not be at the cost of either US or Europe's regional security or international collaboration on global issues. Instead, they should remain mutually compatible and further developed as the fundamental building blocks of the post-pandemic recovery process.

It was noted that the pandemic has not brought about systemic change but has instead accelerated and exacerbated existing trends. Both the US and the EU see the pandemic furthering disagreements and on both sides of the Atlantic by causing rise to internal political divisions on how to tackle the pandemic. One of the big lessons of this global crisis is that collaboration is crucial. Not even powerful countries, such as the US, can tackle it on their own. Now more than ever, it is time to move beyond competition and focus on strengthening international cooperation, otherwise we risk a success of non-democratic actors seeking to undermine democracy and rule of law.

The paper follows an early analysis that explored whether to rebuild or repair transatlantic relations post-pandemic and provided additional background and context to the themes discussed at the Forum.<sup>1</sup> This policy paper aims to provide a debrief and analysis of the discussions that were

held, respecting the Chatham House Rule and therefore preserving the anonymity of participants. The aim of this analysis is to highlight and develop the main takeaways between participants around the Forum's core focus points, which included the transatlantic approaches towards economic and trade relations, diverging approaches towards external challengers and threats such as Russia and China, the future of transatlantic security under the framework of NATO's 2030 reflection process and appraised how the new security landscape will look like post-COVID. The Forum provided a wide range of inputs and interesting takeaways, including recommendations and a transatlantic "to-do list", which outlines action points on how the US and the EU should approach the given challenges outlined at the Forum ranging from increased multilateral collaboration to further development of economic and security engagement. It is worth noting that the discussions took place ahead of the 2020 US Presidential election results, however, both options, either a prolonged Trump or a new Biden administration, and their meaning for the transatlantic relations, were discussed extensively.

## Putting bygones aside – exploring the idea of a transatlantic economic recovery

Over the last 4 years, the US and the EU have been on diverging paths when it comes to trade and economic relations. From the deterioration of trade deals to tariff and tax disputes – the US and EU have been at odds. Exacerbated by the Trump administration's attitude towards bilateral deals aimed at the "America First" approach, it often thrown multilateral agreements to the wayside. In the meantime, the EU has sought to strengthen internal economic policies in anticipation for the UK's exit from the community and to counter the economic fallout of the pandemic.

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<sup>1</sup> Piatkiewicz, D. & Pisklová, M. (2020). The post-pandemic future of the transatlantic relations – time to rebuild or repair? Retrieved at: <https://europeum.org/data/articles/tapf-2020-dp-mp.pdf>

The Forum discussed the various paths for post-pandemic economic recovery by examining the current recovery packages in place, noting that the EU sets out a concise approach in its Next Generation EU framework, which is aimed towards helping the EU to rebuild after the COVID-19 pandemic, by supporting investment in the green and digital transitions.<sup>2</sup> The US' recovery efforts, however, have been uncoordinated at multiple levels, and has never materialized as both sides of Congress failed to agree on a new coronavirus stimulus relief package aimed at getting more financial relief to millions of Americans, who are facing financial hardship.<sup>3</sup> What was agreed was that the economic recovery and process within the United States will be intrinsically linked to the next US administration's approach towards COVID-19 recovery. The next administration will need to address the looming unemployment, declining economy and resolve ongoing trade disputes.

During the recovery process, it will be important for the US and the EU to distinguish long-term and short-term priorities, avoiding export restrictions and anticipating the turbulences and imbalances created by state-aid packages being developed on both sides of the Atlantic. This global pandemic can only be resolved through global cooperation. By evaluating measures that can provide both partners with avenues of closer economic collaboration may not only bring the relationship closer but also help fuel economic recovery and counter the temptation to create closer economic ties with China. By examining existing and additional areas of collaboration, the US and the EU can work together to find areas for economic recovery.

The Three Seas Initiative (TSI)<sup>4</sup> was highlighted as an established avenue for such collaboration. TSI has a goal of boosting economic growth and well-being in Central and Eastern Europe. To achieve this, the initiative aims to accelerate development, strengthen resilience and create

more cohesion within Europe by attracting private capital. The initiative is operational, backed by many other Member States and it enriches the region. The focus is on how infrastructure, energy and transport can have particular profitable multiplier effects. Many of these issues are outlined by the European Commission, which has set out a series of ambitious recovery plans that aimed to mitigate the economic downturn caused by the COVID-19 pandemic.

In addition, it was noted that one of the most important areas of cooperation to focus on is at the EU level. Cooperation between the EU Member States will be vital in order to strengthen the Union's global position and to help with the digital and green transition. The European Commission President, Ursula von der Leyen, outlined in the recent State of the Union speech how Europe needs to lead the way in global recovery through ambitious energy, climate and economic targets. President von der Leyen most of all stressed the importance for a united Europe. Ongoing democracy backsliding in countries within Central and Eastern Europe, particularly in Poland and Hungary, were mentioned as challenging and undermining the rule of law. The discussion focused on creating economic incentives and repercussions for these countries, in particular on security, energy and green investments to prioritize a stronger and united Europe. The European Commission has a clear vision, which aims to improve collaboration within the EU as well as with its partner on the other side of the Atlantic but needs all members of the EU to be on board.

The session concluded with the fundamental question on "why is economic recovery so important?" With over a half of the world's GDP found in the United States and Europe, the world's economic recovery will be heavily linked to the quick actions taken by the transatlantic leaders. Exploring a genuine US-EU free trade agreement, not unlike the previous TTIP, which refocuses on promoting trade and multilateral economic growth needs to be on the table. The

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<sup>2</sup> European Council (2020). COVID-19 coronavirus pandemic. Retrieved at:  
<https://www.consilium.europa.eu/en/policies/coronavirus/>

<sup>3</sup> CNBS News (2020). Congress to send more financial aid to Americans. Retrieved at:  
<https://www.cnbc.com/2020/09/24/stimulus-standoff-what-could-make-congress-provide-more-financial-aid.html>

<sup>4</sup>Three Seas Initiative (2020). Retrieved at:  
<https://www.3seas.eu/about/objectives>

US and the EU should avoid fighting protectionism with protectionism but instead focus on mutual collaboration and recovery.

## The Parallel Challenges of Russia and China: The Role of Democratic Values and Strategic Pressures

The discussion examined how and to what extent the toolkit or the tactics used by malign powers to influence democratic societies, undermine democratic norms and values with an aim to strengthen their strategic positions and whether or not it has made the transatlantic community weaker. It was discussed that the most important steps to counter these powers to increase the Alliance's democratic resilience, which will require coordinated efforts from both the US and Europe on both the security and diplomatic front. Both Russia and China represent a clear threat to democracies and are contributing to an erosion of the transatlantic relationship by a range of tactics including disinformation campaigns aimed at undermining transatlantic unity. The EU and the US are still at odds on how to deal with Russia's aggression and Chinese expansionism.

The Forum's discussion also paid attention to the issue of the soon finalizing construction of Nord Stream 2 gas pipeline between Russia and Germany. Based on growing concerns over Russian threat, particularly after Navalny's poisoning, alternative options for energy security of Europe were examined. When rethinking this project and possible scenarios of future development, which was long-term criticized and opposed by the US due to it significantly increasing European energy dependence on Russian gas

once finalized, its operationalization could not only give Russia greater control over European gas supply and give a pretext for increasing its naval presence in the Baltic sea, but also revive or intensify its military activity in Ukraine as it would no longer need to use its transit system.<sup>5</sup> A suitable strategy for Europe would be to make effort to diversify its energy sources and look for other options than the Nord Stream 2 pipeline. In September, the European Parliament also called for the Nord Stream 2 project to be ended in its latest resolution.<sup>6</sup> Another Russian pipeline, which succeeded to be put into operation before an imposition of US sanctions, is Turkstream, which, however, immediately suffered under decreased European demand for Russian gas in 2020 as well as lower gas prices.<sup>7</sup> In this regard, one of the ways in which the EU can diversify its energy sources is to significantly increase its import of liquefied natural gas (LNG) from the US, already forming 36 % of the US LNG export equaling in 16 % of import for the EU in 2019, with an expectancy of this share to increase in the upcoming years.<sup>8</sup> This channel can thus, apart from increasing European energy security by diversifying its energy sources and becoming less reliant on Russia, also help to strengthen the US-EU transatlantic relationship.

On China, there is even more concern of its expanding influence (mainly in economic and technological terms) and of its growing human rights violations and repression in Hong Kong, Taiwan and Xinjiang Uighur region. China has continued to create a divide in the US society, especially visible during the ongoing pandemic. Aiming to discredit both the US and EU's response to the COVID-19, China has intensified its tools for manipulation of public discourse in the form of massive disinformation campaigns, painting the Western pandemic response as "ineffective and weak".<sup>9</sup> In Europe, China has been gaining momentum in debates

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<sup>5</sup> Francis, D. (2020). The US is defending Europe by blocking Putin's pipeline. Atlantic Council. Retrieved at: <https://www.atlanticcouncil.org/blogs/ukrainealert/the-us-is-defending-europe-by-blocking-putins-pipeline/>

<sup>6</sup> European Parliament (2020). European Parliament resolution of 17 September 2020 on the situation in Russia: the poisoning of Alexei Navalny (2020/2777(RSP)).

<sup>7</sup> Assenova, M. (2020). A New Mega Pipeline at a Time of Decreased Demand And Low Gas Prices. CEPA. Retrieved at: <https://cepa.org/russias-trouble-with-turkstream/>

<sup>8</sup> European Commission (2020). EU-U.S. LNG Trade: U.S. liquefied natural gas (LNG) has the potential to help match EU gas needs. Retrieved at: [https://ec.europa.eu/energy/sites/ener/files/eu-us\\_lng\\_trade\\_folder.pdf](https://ec.europa.eu/energy/sites/ener/files/eu-us_lng_trade_folder.pdf)

<sup>9</sup> Braml, J. & Mölling, Ch. (2020). How will COVID-19 affect the transatlantic relationship? DGAP. Retrieved at: <https://dqap.org/en/research/publications/how-will-covid-19-affect-transatlantic-relationship>

concerning European security and is thus now perceived as more of a uniting issue rather than a dividing one across the Union. Therefore, it has been showcased with a growing apprehension and policies towards dealing with China as a strategic threat. Europe's role is no longer questionable – it is a necessity for the EU to work on transforming itself into a stronger and important geopolitical actor. The pandemic has actually accelerated the transformation of European position on China and emergence of a common consensus, as the EU member states are getting increasingly unified on a need to balance their short-term economic interests connected to trade with China and their long-term intention to start reducing EU dependency on it, namely in terms of securing critical goods supply, restriction of Chinese investment in strategic sectors, all against the backdrop of increasing US-China competition.<sup>10</sup>

Starting the debate concerning a leak of a Chinese data company information database, which was supposedly acting on assignment of Chinese intelligence services and gathering data about publicly known figures across both the EU and Europe<sup>11</sup>, the Forum's participants warned about transatlantic democracies falling behind these hybrid warfare challenges. Even though this concrete database may seem innocent, due to it being based on publicly accessible data, it should represent a case from which the Alliance members will learn and work tirelessly on data protection, prevention of its abuse and establishment of a resilient cyber space. The transatlantic community has common values and interests and needs to work on them by fostering internal dialogue to overcome divisions and show off a functioning and strong relationship to both Russia and China as a way of deterrence.

Central and Eastern Europe did not show as much unity on the topic of Russian or Chinese influence, as it was the case for Western Europe, especially over dealing with Russia. This is underlined by existing divisions in the region, where

some countries' democracy and rule of law are weakening and where certain countries have been more or less open towards dealing with China and Russia. Moreover, in comparison to their Western European counterparts, the countries of the CEE region are perceiving the threat from Russia differently due to their proximity to the country and this is even reinforced by since-2014 development in Ukraine or nowadays situation in Belarus. There is a need for Europe to tackle and jointly work on reducing these divisions, as the challenges to rule of law can lead to vulnerability, polarization and thus create even deeper societal divisions and mistrust against the national governments. The recent reaction of Hungary and Poland criticizing the EU intention to connect the extra EU post-pandemic recovery funding to the question of member states' adherence to rule of law and Hungary's threat to prevent its launch<sup>12</sup> are a point in case showing how the internal EU divisions can undermine its meaningful cooperation and even its post-pandemic recovery.

The lack of common ground between the US and Europe on approaches towards China and Russia also needs to be addressed. The American presidential elections were mentioned to perhaps reset the tone. If Trump will continue, there may be a push from Europe's side to set the rules when it comes to China. If Biden gets into the White House, a new transatlantic approach could be problematic for China. We need transatlantic leaders to work together to effectively face these threats as the established order, based on multilateralism and Western value systems, is at stake. The Forum's participants agreed that, overall, the transatlantic bond and values remain the same, including its prior mission, so the Alliance currently needs to work on its internal unity in order to project it and adapt to the changing security environment and activities of the malign powers, as these are trying to challenge the current global order.

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<sup>10</sup> Oertel, J. (2020). The new China consensus: How Europe is growing wary of Beijing. ECFR. Retrieved at: [https://ecfr.eu/publication/the\\_new\\_china\\_consensus\\_how\\_europe\\_is\\_growing\\_wary\\_of\\_beijing/](https://ecfr.eu/publication/the_new_china_consensus_how_europe_is_growing_wary_of_beijing/)

<sup>11</sup> Rahn, W. (2020). Zhenhua data leak exposes China's new 'hybrid warfare'. Deutsche Welle. Retrieved at:

<https://www.dw.com/en/zhenhua-data-leak-exposes-chinas-new-hybrid-warfare/a-55083540>

<sup>12</sup> Bayer, L. (2020). Hungary threatens to hold EU's coronavirus recovery fund hostage over rule of law. Politico. Retrieved at: <https://www.politico.eu/article/coronavirus-recovery-fund-hungary-rule-of-law-fight/>

## Preparing for current and future security challenges - NATO 2030

The discussion on NATO 2030 continued the important topics outlined in the previous themes, especially on how the US and the EU can together tackle the external security threats. The NATO reflection process was not only prompted by the need to adapt to renewed external threats, but also to further strengthen NATO's political dimension and to reinforce the Alliance's unity, increase political consultation and coordination between Allies. There are three main priorities for the Alliance's reflection process. Firstly, it is looking for a way to use NATO more politically and make it thus more competent to handle and tackle Chinese rise on a global scale, to safeguard global arms control and other global challenges, notably climate change. Secondly, NATO needs to stay strong militarily by maintaining its commitments (even though there is an ongoing discussion about the 2 % threshold for national defence spending) and by elevating its resilience, which should not only rely on military power, but also on building strong digital infrastructure. Finally, NATO will need to cooperate more with like-minded partners. At this point, NATO should consider moving its conversation into NATO + 4 format with Australia, New Zealand, Japan and South Korea.

The Forum's discussion outlined the aforementioned NATO 2030 priorities, presenting a process which will look 10 years ahead, trying to find ways to make NATO more global, and further examine the priorities and cooperation among allies. This process will entail parallel processes, followed by specific recommendations on how the Alliance can move forward. The process stresses the necessity to adapt to the quickly changing world we live in now, especially with more geopolitical competition, but needs to preserve the same mission. NATO remains committed to accomplishing the pillars it has been built upon in order to achieve "cutting-edge weapons systems and platforms, and forces trained to

work together seamlessly"<sup>13</sup> and defend its core values. But it also wants to play a stronger role in further strengthening its infrastructure, critical industries, exports, and answering security questions to reassure greater cooperation, to prevent the technological gap.

It is also crucial to keep in mind that NATO members are not one homogenic entity. They have different approaches and goals, but their common aim is to continue to invest in their collective security, to build and strengthen the NATO's shared capabilities, to fight against terrorism, to create clear strategic communication and to develop new domains, including cyber defense capacities. In regard to the smaller or medium-sized countries, namely the Visegrad group, it is quite demanding to deal with a wide variety of challenges for the region, which spread from post-communist legacy to trying to deal with new challenges such as capacity building, investment in defence, new technologies, or looking for tools to address hybrid threats. However, in general, the Visegrad region has not yet failed, as it has adapted some new mechanisms and new institutions but it's true potential as a regional alliance can be further developed. Post-COVID 19 could be an opportunity to reinvent the purpose of Visegrad, make its members to rethink its basics, security cultures, strategies, and reinvent their strategic thinking towards regional, EU and transatlantic goals. Such a new impetus in this region would be appreciated by NATO and could be beneficial for transatlantic cooperation.

It was stated that there is no NATO without US leadership and an emphasis was placed on strong coordinated US and EU approaches towards security and defense. Concerning the future of the US leadership in NATO, the discussion explored the expected different approaches of presidential candidates. If there is a Biden administration, there will be stronger relations but does not mean different approaches – it does not necessarily put allies first. On the contrary, there may still be a US first approach implementation, especially in regard to Europe's role in security contributions to NATO.

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<sup>13</sup> NATO (2020). NATO's capabilities: Retrieved at: [https://www.nato.int/cps/en/natohq/topics\\_49137.htm](https://www.nato.int/cps/en/natohq/topics_49137.htm)

It will also be important for the US to work on its image in Europe and try to re-establish trust among its European partners, not only as a result of four years of Trump's administration and its "America first" approach, but currently also as a result of perceived lack of cooperation or support during the coronavirus pandemic. Based on the European Council on Foreign Relations' recent survey, the reputation of the US significantly worsened during this crisis across European countries, with 60% of respondents citing that their view of the US had worsened. Not only the way of American foreign policy in the past years, but also its incompetence to take care of itself in times of crisis, has undermined its position of a strong leader, leading Europe to question its ability to back up its defence capacity.<sup>14</sup>

Questions during the debate explored whether or not there could be a stronger common European position inside of NATO? It was noted that a global NATO does not mean it being more physically present around the globe, but rather having a common understanding on the fundamental principles that guide the Alliance is important and the current challenge for the allies is to come up with the joint position and strategy – especially when it comes to China and Russia. The session concluded that NATO is not a fragile organization, exactly the opposite. It is flexible and it will not break under recent, current and future security challenges, but we need to build more confidence. It is vital to make sure that we do not push the Alliance too far and too fast, but that we find a common approach to strengthen it.

## The Transatlantic To-Do List:

While some geopolitical confrontations have intensified during the crisis, the disruptive nature of the pandemic has made it apparent that no nation could face such a challenge alone. The crisis has obliged the US and the EU to have a moment of self-reflection as individuals, as communities and as nations. As the Forum concluded, it reflected on what the transatlantic relationship may look like 10 years from now.

The hope was that NATO will have adapted to the current challenges and with perhaps a stronger Europe in terms of military and technology. The United States rebuilds its global image and remains a strong security, economic and political partner with Europe. The Atlantic allies become closer and more in sync on approaches towards energy, climate and external threats such as China and Russia. And lastly, that the future of the transatlantic relationship will need to remain credible in order to deal with the next global challenge.

The forum's takeaways identify the strategic priorities that experts from both sides of the Atlantic outlined during the Forum to try and strengthen the transatlantic resilience moving forward. The authors summarized these in a list of ten priorities as a Transatlantic To-Do List for what both the US and the EU should work on next:

1. The next US administration needs to continue to rebuild European trust in America as a reliable strategic partner and rebuild democratic values through strong leadership;
2. Coordinate on creating joint economic recovery efforts to help rebuild transatlantic relations post-Covid;
3. Further develop existing multilateral systems in place to help bolster economic, trade and security growth vis à vis Three Seas Initiative and look to renew outdated ones;

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<sup>14</sup> Krastev, I. & Leonard, M. (2020). Europe's pandemic politics: How the virus has changed the public's worldview. European Council on Foreign Relations. Retrieved at:

[https://ecfr.eu/publication/europes\\_pandemic\\_politics\\_how\\_the\\_virus\\_has\\_changed\\_the\\_publics\\_worldview/](https://ecfr.eu/publication/europes_pandemic_politics_how_the_virus_has_changed_the_publics_worldview/)

4. Work on infrastructure in terms of military mobility as well as of cyber space and technologies;
5. Rethink the 2% threshold on defense spending and further invest in European joint capacity building, cohesion and consistency;
6. Develop a standard policy under which security considerations come before economic ones in order to lessen the danger of global dependencies;
7. Restrengthen ongoing work on diplomacy and dialogue, as these cannot be stopped because of major disruptions, such as a pandemic or elections;
8. Work on mitigating the impact of disinformation and propaganda, both foreign and domestic, on our citizens;
9. Develop a joint US-EU approach towards Russia and China as security threats; and
10. Work commonly in the area of energy security (ex. by reinforcing LNG export-import between the US and the EU).

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