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## In this low cycle in transatlantic unity, the determinants of improvement are known: can the EU and US deliver?

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- **Dynamics in the main agendas of the transatlantic relationship in the last year seem to have been, from a public perspective, relatively lacking in positive messaging. On issues of the relationship with Russia or with China, or within the framework of NATO, or on international trade, there have been few stories that can accredit significant progress being made in 2019, bar for the speech given by Secretary of State Mike Pompeo in Brussels early September calling for a "reset"[1] with the incoming leadership of the European Union.**
- **This was mirrored, on the EU side, by High Representative-nominate Josep Borrell stating his desire for a reset of transatlantic relations, which he already discussed with Secretary Pompeo. This contrasted with the more aggressive speech from December 2018, where Secretary Pompeo openly questioned whether the EU is able to place the interest of its member states and citizens before those of the "bureaucrats" that compose it.**

[1] Reports that US Ambassador to the EU, Gordon Sondland, was heard saying that his job "was to destroy the EU" call into question the reality of this desire for a "reset", but it is clear that Europeans will need to come to the table. Their current level of unity, autonomy and security means that its geopolitical muscles do not match its economic might, - a paradox as the US itself can be seen as having undermined these three agendas by its unilateral decisions. This is however exactly the reality that all of the US' partners across the world have dealt with: a tabling of their relationship with Washington, and the return of a realpolitik-based relationship – if not competition.

At this juncture, it it is therefore essential to understand what concrete elements this "reset", called for by the American side, could be composed of, and whether it could compose the building blocks of a more appeased relationship. The simple fact - as anecdotal as it may be - that a German think tank would run a policy game based on the scenario of a US withdrawal from NATO would have been unthinkable a few years ago, and symbolizes the fact that trust in US leadership, and perhaps trust in the US, has diminished across Europe, especially in Western Europe[2]. The conclusions of the paper were, on their own, quite clear and concerning:

*A transactional relationship with the US could become the "new normal" in US-European relations, with the US slowly drifting out of the European strategic sphere. Whereas Europeans hoped for a continued strategic US interest in Europe and a value-based partnership, the US team focused primarily on a "fair deal" addressing both defense and trade issues.*[3]

Can this situation indeed become the "new normal" in transatlantic relations, and what can be done to prevent a fallout as described above? And do both Europe and the US have the desire to stay away from this "new normal"?

The main question now concerns the basis on which the transatlantic relationship will rebuild itself in the next year, and whether the break in trust, symbolized most recently by the American decision to withdraw its troops from Northern Syria, will push the Europeans to modify their approach to the US but also fine-tune their instruments of power. This last point seems to be the key, not only in structures but also in mentality: have Europeans accepted that the US will, for the foreseeable future, play realpolitik, and therefore adjust accordingly? And what are the determinants of this adjustment?

The recent example of the withdrawal of US troops from Northern Syria symbolizes the complexity of this equation. It seems that this decision has not only created a deep rift in transatlantic relations, but also that it has, in the absence of European leadership and capabilities, put Russia in the de facto role of peacekeeper in the region. The ceasefire that was brokered by Vice-President Mike Pence, between Russia and Turkey, is the direct translation of this new US policy. It is also the image of a European strategic defeat, and first and foremost of Emmanuel Macron's France. Paris has clearly attempted to assume EU foreign policy leadership against a Britain mired in Brexit and a Germany that is weakened by Angela Merkel's political twilight. The Syrian failure, even if its underlying reasons predate his arrival at the Elysée, illustrates the limits of his proactive diplomacy. The French, for lack of sufficient military resources, are also forced to abandon the Kurdish forces to their fate, despite their essential role in fighting against the Islamic State. Whereas the Trump administration can credibly threaten Ankara with an economic disaster, the EU is reduced to issuing simple stern warnings and receives in return Turkish threats top "open the flood gates" of migration to Europe. Announced by several Member States including France and Germany, the embargo on arms export projects will have no effect on

[1] https://www.euractiv.com/section/global-europe/news/with-trumps-blessing-pompeo-sought-reset-with-new-eu-leaders/

[2] https://www.koerber-stiftung.de/fileadmin/user_upload/koerber-stiftung/redaktion/koerber-policy-game/pdf/2019/Koerber-Policy-Game_What-to-expect-if-the-US-withdraws-from-NATO.pdf

[3] ibid

ongoing operations, and an agreement on sanctions seems, at the moment, rather far-fetched.

The fluid situation at the Turkish/Syrian border is also of the utmost importance to NATO, in many ways. There is first of all the question of internal NATO unity, as the withdrawal of American troops and subsequent Turkish military action has already caused tensions inside the Alliance itself. Public opinion, especially in Germany, has been rife with concerns about potential Article 4 and/or 5 consultations that Turkey may initiate. Secondly, this also calls into question the role of NATO in the Global coalition against Daesh, the future of which is now uncertain. Eventually, these two points may impact the extent to which Allies may agree on a longer-term, structured, role for NATO in its Southern neighborhood, which may also have effects on NATO's engagement with its partners in the region. The consultative role of the Alliance therefore remains key in decreasing any tensions around this agenda, but at the price of NATO's military and crisis management role which has been diminished by the unilateral US decision.

## NATO bears the brunt of transatlantic tensions

In the realm of NATO, transatlantic unity seems to be at a low-point on future challenges and the functioning of the institutions, but does not distract from the fulfillment of the already agreed-upon commitments in territorial defense and collective security. These two elements seems to run parallel, which is positive in the short-term, but less for the long term vitality of the institution. At this point, it seems clear that NATO will not be the right place through which countries can communicate their ambitions for European defense, given the heated exchanges that have taken place between the EU and US regarding ongoing European initiatives, especially the European Defense Fund and issues of market access.

The tensions that exist because of this agenda also have repercussions on EU unity, which is much less visible at the NATO level than it is in the EU, given that certain Allies have gotten even closer to the US in order to preserve their immediate security interests. There are therefore parallel tensions at the transatlantic level but also at the level of European allies, making any agreement on future priorities for NATO harder to reach.

There is a also the added question of what role the UK will play in this conundrum: its forced reprioritization of NATO, and (yet) uncertain future engagement in EU defense structures, makes it an even closer ally of the US, especially if the need for a trade deal with the US manifests itself, thereby giving the US more leverage on influencing the UK's policy positions within NATO - on a potential European pillar, for example.

These new dynamics, for central European countries, make navigating NATO and the relationship with the US a complex equation. The question about the value of the US security guarantee has come back to haunt a debate that most believed had been closed after Trump's lip support to Article 5 in 2017. Ongoing discussions about the issue of US troops in Poland have taken a different dimension because of this degraded relationship, and have in turn also deepened the political fractions among European NATO Allies and deepened political frictions inside the realm of the EU. Of course, frontline states care more about the actual presence of US troops and their participation in confidence-building exercises and joint trainings, rather than focus on Twitter rhetoric from the President, and have legitimately sought to make the US presence a long-term anchor of their security. This applies to efforts to ensure US permanent stationing in Poland, as discussed in 2018, and support for the continued presence of US nuclear weapons, which are the second element that underpins the political and strategic commitment of Washington to the region.

There is one prevalent question that surrounds this thinking: can the parameters of the US security guarantees change? And if so, is there any level of engagement with the US that is sufficient to secure this guarantee - whether it be hitting the 2% target or entering the accountancy games of "paying for" US security, to use Trump's rhetoric? If not, what is the long-term interest of investing into the relationship if the security guarantees are not set in stone? In other words, why build *Fort Trump* if cement is a rare commodity and steel a national security concern? European NATO Allies have gradually lost their possibility to engage in long-term planning, and are in a situation where they have to hedge their own security.

This shines a light on the European divisions that were detailed above, as explained above, and symbolized by the debate on European strategic autonomy that has agitated European capitals for the last two years. This debate has not reached any conclusion, especially about any future role of the EU as an actor of deterrence, keeping European Allies mired in an uncomfortable situation between what appear to be increasingly uncertain US security guarantees and an EU that will take decades to build up its defense capacities along the path it has chosen. There are then the issues that appear in bilateral relations, whether it is skepticism towards Germany's Russia policy with Nord Stream 2 or the French stated desire to re-open a dialogue with Russia, creating questions about whether the EU and its leading forces have the credibility pursue this dual-track policy of deterrence and engagement. In this context, while necessary on paper, it seems illusory to start the effort of drafting a European White Book that would set, in no uncertain terms, the level of ambition of the European Union for the next leadership and assign goals for the instruments of power and defense cooperation that have been set up in the last two years.

European Allies are therefore stuck between a rock and a hard place, waiting to gain a long-term perspective on US engagement in Europe, but not seeing the necessary strategic conditions to divest from NATO until the EU builds up its strategic culture. In the short-term future, the EU may agree to internal burden sharing regarding security: the EU structures themselves will ensure the planning, capabilities, and financing, via the European Defense Fund or the Coordinated Annual Review on Defense, while small groups of coalitions of the willing will take care of the operationalization via ad-hoc formats, or formats that are outside of EU structures such as the European Intervention Initiative. This highlights that the EU institutional toolbox is not fully fit for purpose and will need some rewiring, but also that mentalities are evolving in Brussels and European capitals on the necessity for Europe and the EU to play a role in securing their own interests - independently of whether they overlap with the US, but if possible, with the US, as underlined by the debate around strategic autonomy.

## China and NATO: an unwelcome discussion?

The question of China is a prime example of where transatlantic and European disagreements run parallel. The perspective of the Leaders' Summit in December 2019 has rekindled the China discussion in the Alliance, and focused some energy in the US administration on finding a role for NATO in handling the new dynamics of the relationship. The fact that President Trump has set his sights on the "bad deal" with China, and the necessity for the administration to showcase to the President the continued "utility" of NATO means that the China discussions have taken on a new life in the Alliance. This is further compounded by the fact that, as discussed above, the relative low level of unity on other issues means that no major decisions are to be expected in Warsaw, therefore reinforcing the need to score a China deliverable in London. Allies however disagree on how to approach the issue, as close to none foresee any military role for NATO or can imagine what this role would concretely be, besides missions to secure the global commons and the liberty of navigation, which individual Allies already carry out.

What is therefore the elusive "easy win" on NATO and China? The fact that the issue is openly addressed at the NAC and working group level is in itself a relative novelty. Sharing national assessments of Chinese intentions, of their military build up and power projection, and certain intelligence can represent a low-hanging fruit that would not overcommit NATO or leave it open to pressures from the US side to "deliver", but it is just as uncertain whether it will be sufficient for the US side. From the central European perspective, it is also not clear whether a strong focus on China would be warmly met: not only may it distract, politically and in terms of capabilities, from the objectives of collective defense and territorial security, but it may also cause certain countries of the CEE region which are close to China to walk on a very tight rope in balancing their engagements. The fact that the debate about the "Article 5 in Asia" scenario has originated from Germany, a country which has nurtured a relatively close relationship to China, symbolizes the new dynamics at NATO - and the fact that Berlin is not safe from another rhetorical bluster by President Trump. The fact that the US is not shy on what the costs of non-compliance could be - especially in the realm of trade - shows all too well that realpolitik is the new rule of the game in Evere, and that NATO is not immune from the turning over of table.

## Trade: margins of maneuver if tensions decrease

It is hard to gauge to which extent discussions about trade and defense are interlinked in the mind of the American president, and whether moving on one issue can lead to positive evolutions on the other. It is also hard to say whether the tensions in transatlantic trade have receded in the last year. The recent decision by the World Trade Organization regarding the EU's illegal loan subsidy programs to Airbus opened the door for the US administration to levy punitive tariffs of about $7.5 billion on European aircraft, agricultural and industrial goods, the tariffs ranging from10% for aircraft to up to 25% for other products. This comes on top of existing tariffs on steel and aluminium that were decided earlier this year, and have already inflamed Europeans, who are debating whether to respond to these new tariffs by upgrading the EU's enforcement regulation in order to shore up the EU's trade defense arsenal, which would allow the EU to defend itself and retaliate with its own tariffs in case the adjudication system at the WTO were to crumble, as it may well do at the end of the year. The US has accused the WTO trade dispute body to be too soft on China, and has so far blocked the appointment of judges. This initiative, driven by President of the Commission-designated Ursula von der Leyen, has attracted criticism in Brussels regarding the fact that the EU itself may be trying to undermine and work around the rules-based international order that it has set out to defend, but needs to be weighed against the potential damage that the EU could sustain and its ability to act in case the system were to collapse.

This negotiation method, which consists in blocking the system until the partners are forced to come to the negotiation table and to obtain a "better deal", is well-known from the side of US administration - as we have seen in the realm of defense above - but has been met with a different resolve from the European side, which has proven to be more united on this issue, despite understandable concerns about the potential effects on national economies. This is true even on products and countries that are not directly targeted in a world where economies are linked by highly fragmented value chains. Here, it is interesting to note that the EEAS has played a role in fostering European unity, given that many medium- and smaller member states viewed "Brussels" as a multiplier of their influence and best defender of their interests; this is also compounded by the EU's sole competence in trade policy.

At the end, the issue is how the EU can protect itself from being collateral damage on the sidelines of the US-China disagreement. Indeed, the control of the current situation with China goes far beyond trade alone. Each realm of multilateralism must contribute to the establishment of stabilized, tension-reducing relations. This is why it is urgent that China agrees to participate in a comprehensive review of WTO rules on subsidies, intellectual property and technology transfer and opens its market in a non-discriminatory way, and the EU has indicated its willingness to engage with China on these issues. However, while there is relative unity on the US issue, European member states' relations with China are multi-faceted and do not translate in the same united front, especially at a moment where the EU is engaging in investment screening, which not all EU countries have expressed interest in, symbolically enough. Therefore, regarding EU-US tensions, the interest of both economies should be to avoid imposing additional costs on themselves that will only reduce their competitiveness in relation to their external competitors. It is also questionable whether the measures envisaged by the United States in the automotive sector with regard to the European Union are appropriate and useful. Given the structural problems in hereunto to the international trading system and the decreasing legitimacy of the existing institutions, a return to the pre-crisis situation no longer seems possible. The scale of the crisis, more systemic reforms will have to be undertaken, which will require a long-term strategy that the EU is yet to agree one. It must also be added that these reforms can no longer be purely commercial or economic, but must be carried out with a view to climate pressure and sustainable development. The challenge is immense, but it is also a historic opportunity to change and adapt the international system to the challenges ahead. It will also constitute a building block for an improved transatlantic relationship, that can contribute to diminish tensions on other agendas, such as defense.

## Conclusion: A reset on whose terms?

Europeans have tried to "decompartimentalize" the defense and trade agendas, but perhaps underestimated the all-over resolve of the Trump administration to get to the negotiating table about the functioning of the instituions that govern the rules-based liberal international order. This return to multilateralism, paradoxically, has meant an increase in the amount of dialogue between the American and European sides on all the elements and issues that constitute the liberal order. The mutual understanding and assessments - with caveats, of course - that existed under the previous administrations and that limited the necessity of dialogue seems to be largely gone, and the EU has a role to play in speaking in a united voice in dealing, equal to equal, with the US on certain issues. This unity may be undermined by leaders who have an interest in using their opposition to Trump for domestic purposes, and it remains to be seen whether some voices in the future College of Commissioners may not pick up that mantra as well. The trade and defense agendas offer opportunities for escalation just as they offer opportunities for engagement; the EU and the other capitals will have to tread lightly in determining where and how to apply pressure on the US in order not to appear more than they do today in the crosshair of the US administration.

Therefore, is the EU able to set the terms - or some terms - of the "reset" that is called for by both sides? To an extent, yes, especially if the continent can find unity on how to approach China and to engage the country in the discussions about the future the global order, as it is clear that China will not respond to US overtures in this realm. This certainly remains a low point of European unity, but it is also relevant for the EU's role as a geopolitical actor and the ambition of next "geopolitical Commission". Signaling to the US the desire to work hand-in-hand on tariffs coordination vis-à-vis China, if necessary, would be a strong symbol of this desire to cooperate. It is also likely that it would benefit the European economy and technological vitality in the long-term, especially when the looking at the 5G conundrum that is splitting Europe, and especially Germany. Just as Berlin, this new world of great power competition also puts an onus on France to carry the EU interests in the same way that it has represented them in attempting to mediate a renewed dialogue between the US and Iran[4]. These two countries will shape the level of ambition of the EU on foreign policy, and their desire to engage the UK, a great naval power, will also be a key in determining whether the EU will be on an equal footing with the US. For the time being, France seems isolated in taking initiatives at the European level, and other countries lament the fact that decision-making at the EU level is not nimble and reactive enough.

The EU has therefore woken up, after three years of the Trump presidency, to the multipolar world in which it was pushed in. The rewiring and fine-tuning of its institutions is a priority that it will have to develop in parallel with a speedy increase in defense capabilities, in order to be a credible actor in the current geopolitical situation. The debate about strategic autonomy aptly foresaw this situation, and the potential dual-track situation in which the EU could find itself in the future: how to ensure its interests if they are not shared with the US, but how can we continue to share as much as possible with Washington? The US has set the table, and the EU has to prove that it is not on the

[4] See https://www.politico.eu/article/emmanuel-macron-behind-the-scenes-foreign-policy-method/

menu. Perhaps the cooks will change until then, starting by the uncertain future of Ambassador Sondland, and the progress in the impeachment procedure followed by the 2020 elections. Any changes shall however not be an excuse for European countries to be tempted to get back to business as usual, and rather to focus on making Europe fit for the purpose of a multipolar world. However, the next chefs will be well inspired to insist on the issue of trust and mutual understanding, which the last few years have unfortunately diminished, and it is yet to be seen whether an openness of the EU to discuss and participate in global security and economic discussions will be met with increased trust.

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