

Policy Paper

Time to Redefine the Terms and Conditions of the Transatlantic Relationship?

2021 Transatlantic Policy Forum in Review

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Introduction

On November 18-19, 2021, the fourth edition of the Transatlantic Policy Forum took place. It was hosted by EUROPEUM Institute for European Policy in partnership with the German Marshall Fund of the United States and the International Republican Institute (IRI), supported by the International Visegrad Fund, Friedrich Naumann Foundation, and the Ministry of Foreign Affairs of the Czech Republic.

The Forum engaged a range of transatlantic experts and outlined some of the most pressing issues facing the US and EU relationship. The group began by discussing the common values and shared challenges between the partners, especially with continued external and internal pressures toward the shared democratic values, and examined the relationship under new leadership in both the US and EU. The deliberations dived deeper into the current challenges around countering disinformation and digital disruptors, examined the mounting climate and energy security risks, debated current trade relations and areas to strengthen economic cooperation, and, lastly, discussed the future of transatlantic security, NATO and understanding how the new strategic concept fits into the transatlantic debate.

Prior to the Forum, researchers at EUROPEUM published a background paper titled “*Evaluating Transatlantic Relations – for better or for worse*”. The goal of background paper was to evaluate the new transatlantic agenda and goals of both EU and the US and assess how the two sides can work closer together to tackle geopolitical challengers, align on security, trade, climate, and digital policies. The paper also offers recommendations on how to strengthen the transatlantic relationship, with special emphasis placed on the Central and Eastern European region.

This policy paper builds upon those ideas and those discussed at the Forum. It 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

findings among the participants. The Forum provided a wide range of inputs and interesting takeaways, including recommendations and a transatlantic “To-Do list”, which outlines action points and suggestions for the transatlantic partnership moving forward.

Unstable on our shared values and challenges

The Forum kicked off with a public discussion on whether the US and EU’s shared common values and challenges are aligned or misaligned. With the not-so-new US administration at the helm, questions around Biden’s first year and reactions to the US’s new policies from the EU dominated the discussions.

It was noted that there had been some hesitation among European capitals about investing fully into the Biden administration. Given the recent setbacks from the dealing of the Afghanistan withdrawal, the US flipflopping on Nord Stream 2, and political fallout in the AUKUS dealings – have seemingly created more division within the EU than expected. In this context, the lack of preparedness and coordination between the transatlantic allies likely contributed to the ability to react cohesively and diplomatically during a crisis. Analysing situations ranging from the ongoing pandemic to the tensions along the Russian-Ukrainian border, it was commented how it has become increasingly harder to differentiate the nuances between short- and long-term crises. It was then highlighted the need for stronger and more united coordination, in order to improve response capabilities.

It was discussed that Russia and its allies are good at waging hybrid warfare, pushing divisive issues that can divide allied countries (e.g. Between the EU, US, and the West). While the instance calls for an improvement of the resilience across the Atlantic, there is also the crucial aspect of deterrence. While deterrence by punishment has proven effective against Moscow in the past, the strategy has faltered and needs updating. Broadening its reach would allow allies to address hybrid threats, de facto establishing effective deterrence even below the threshold of war. The example with Belarus was



used stating that Belarussian leadership orchestrated the crisis. Allies should deal with it without making it an existential issue, defusing the situation while averting further escalations, and voiding Lukashenka's leverage. Avoiding escalation will also prevent ineluctably framing the events as part of a Russian masterplan, which would, in turn, dramatically increase the tension, without proper proofs of the Kremlin actually being responsible for Minsk's actions. There was debate among the panellists stating that the situation should also be seen as a humanitarian crisis and treated as such. The democratic community should come to aid those in need – despite the external pressures or intimidation.

The debate shifted towards the idea of shared values. While the session itself took place a month prior to the Biden's Summit of Democracy¹ which aimed to renew democracy at home and confront autocracies abroad – there was a debate on whether even Washington knows how to pull off the Biden's democratic initiative, given the indecision with regards to the means to employ. Issues from early on about which countries would be invited, the lack of a clear space for civil society and opposition that causes tension with allies (e.g. Hungary), but also among those who were (internal debate in Warsaw on whether to attend the meeting). **It was discussed that the US should not only ask democracies to strengthen resilience towards struggling democracies and authoritarian regimes but should be a moment for self-reflection, especially as countries in Europe, including Central and Eastern Europe, are facing democratic backsliding.** There is a need to articulate strategies and hold countries accountable.

Leadership does, and will matter

Discussions went beyond assessing the new US administration and focused on the outcomes and outlook for key European elections and their respective impact on US-EU relations.

With German Parliamentary elections just wrapping up, it was agreed that under the new German Chancellorship of Olaf Scholz, Germany will remain a good US partner. However, the new coalition will have to think about issues such as a firmer approach to China and Russia, and the NATO nuclear sharing withdrawal proposal. The Czech elections saw an upset election when Prime Minister Babiš lost the election. In the popular vote, his ruling party was defeated by the centre-right alliance Spolu. At the time of the forum, Petr Fiala was tasked with forming a new government, and it was discussed that there would likely be no change of posture from previous governments with regards to the relation with the US. Prague remains transatlantic and has all the interest in keeping Washington interested in Europe. Since then, the new government, appointed on Friday, December 17, 2021 with future prime minister, Petr Fiala confirmed that Jan Lipavský (Pirates) will be taking over the Ministry of Foreign Affairs after a long discussion with president Zeman. The new government will consist of five political parties - ODS, TOP 09, KDU-ČSL, STAN and the Pirates and will take 18 seats. The new government is expected to be more stable in terms of foreign policies with a more consistent presence on the outside.

It was mentioned that France, with their upcoming Presidential elections in 2022, should avoid dwelling too much on the AUKUS diplomatic crisis with the US, focusing instead on the glass half full to reset the transatlantic agenda, pushing for a strong and collective EU effort to contribute to common security. AUKUS should be treated as a moment employed to show Europe how to be assertive and understand that interests are similar but not always overlapping. From the occurrence, the US should understand the need to consult with allies.

Given the uncertainty of the US elections in 2024 and even mid-term elections in 2022, there is no guarantee of US commitment towards the transatlantic relationship. **If the transatlantic community does not want a repeat of the Trump administration, it is now the time to lay the ground for renewed ties across the Atlantic to**

¹ <https://www.state.gov/summit-for-democracy/>



avoid (or limit) future situations. Restabilising the values-based order and further aligning on joint security challenges were some of the areas that could be further developed.

There is a need to rebuild the transatlantic relationship and convince populations and politicians on both sides of the Atlantic that the relationship needs to be strengthened to counter rising authoritarian powers such as Russia and China. They are becoming more than a systemic rival in the security, energy, and economic space by actively seeking to undermine democratic values that bind the US and EU.

Sharpening our tools to counter disinformation and digital threats

There was a consensus that disinformation and digital disruptors remain a poignant issue facing the transatlantic relationship, especially as it has infiltrated many aspects of society: from freedom of speech to security issues. However, given the policy disagreements and the often diverging approaches from the US and EU, finding a collective solution remains a key challenge.

From both the European and US perspective, Russia and China are the main disinformation actors, although with different approaches. The EU institutions created a special committee examining foreign interference in all democratic processes in the European Union, including disinformation², which is working on a report including all the means through which mis- and disinformation are pushed. It also contains proposals and fosters national setups to counter disinformation, taking good practices from countries used to face this kind of threats (e.g. Sweden, Finland, Australia, etc.). Meanwhile, the US Department of State announced a creation of a

²<https://www.europarl.europa.eu/committees/en/inge/home/highlights>

new Bureau of Cyberspace and Digital Policy, which aims to focus mainly on digital threats and cybersecurity. There will also be a new envoy assigned to the bureau to lead the agenda and keep an eye on the threats coming from countries such as China and Russia. In this issue, the transatlantic community should act together and adopt the common strategy to work even closer to fight disinformation.³

However, to effectively counter mis- and disinformation, addressing systemic issues in countries where free press, a pillar of democracy, is threatened will be needed. Some of the issues, in addition to democratic backsliding, are linked to the digital transformation, where foreign actors' interventions (mainly China and Russia) and the oligarchic control of media leave little space for opposition outlets. There is the necessity of remaining relevant in the digital space, especially for small independent media. It is crucial to support them as well as threatened journalists. Concerning these aspects, big tech companies should be required to take more responsibility but making their policies more transparent and further establish mechanisms to counter disinformation propagating from their platforms. In addition, **the need for cross-generational education was mentioned in order to counter gender discrimination including women rights and access to elections which are often undermined, and targeted by disinformation campaigns.**

Countering disinformation is essential, but also is protecting the freedom of expression. Therefore, the real question to address is the amplification determined by algorithms. Tech companies are crucial for regulating how content spreads on the Internet. The market is often faster than the regulators, but with the help of the latter, there could be a level playing field.

It was recommended that tech giants work in closer contact with media outlets. Responding to

³<https://www.voanews.com/a/us-state-department-creates-bureau-to-tackle-digital-threats/6288123.html>



propaganda with offensive propaganda would require more funds, and would fail to have the same positive impact as investigative journalism [for example, conducted by Radio Free Europe] has had in providing transparency and accountability in countries where access to free media is restricted.

It goes without saying that emerging and disruptive technologies have an impact on society, but it was mentioned that multi-domain operations do not happen in a vacuum. Governments are not the ones driving commercial R&D, and, from the perspective of tech companies, there is a lack of understanding with regards to their own capabilities. **Bringing all the parties to the table is needed to understand how tech companies work and what incentivizes them. Policymakers need to understand said basic elements before going for high-level policies.**

Governments can do more to regulate the market, but there needs to be room and space for cooperation between governments and tech companies. Forcing companies to adhere to regulations without working together would only favour international competitors. Hence, it was highlighted the importance of employing the carrot rather than the stick in engaging constructive dialogue with tech companies. **Targeted incentives** which could consist of financial or market access were considered the best course of action toward a fruitful partnership.

Fuelling securing concerns around climate and energy

The ambitious policies by the US and EU set out to counter climate and energy related security risks sparked debate among the participants. The politicized nature around issues such as the transition towards renewables, approaches towards achieving various climate goals, or dealing with external energy-related threats from Russia vis-à-vis Gazprom and Nord Stream II –remains a hurdle for energy and climate policy efforts.

⁴ <https://www.voanews.com/a/usa-white-house-cautiously-embraces-nuclear-power-meet-green-goals/6206602.html>

The divergence between the US and the EU is increasing. It was deliberated that Europe's situation, when compared to the US, remains different. There is no oil company big as Exxon in Europe, and fracking is not an option for most countries. Furthermore, the European Green Deal can be seen to potentially pose a threat to the income of countries such as Russia who export energy resources towards Europe. **The necessity for differentiation of energy sources from coal, whether it is gas or nuclear power, remains a vital step for Europe in its path toward renewables.** However, nuclear plants remain highly debated, especially in Washington and Brussels. In the US, nuclear power generates one fifth of the electricity, and decommissioning the plants is not seen as a viable option towards the net-zero 2050 target. Therefore, the Biden administration is cautiously embracing the source of energy considering subsidizing old plants to prevent them from decommissioning.⁴ Faced with a similar issue, and pressured by the spike in energy prices, European member states are divided. In October, ten economy and energy ministers signed an article to perorate their cause and include nuclear power a place in the Commission's guide to 'green' investments.⁵

Energy experts noted that it remains crucial to remember that there are also social and political facets, beyond the economic one, to the energy crisis. Discussions should not be only about the green transition, as the actual price volatility can happen again in the future. How could we react to it? The Green Deal is a concrete strategy, and the price volatility is another dimension of the transition, although only partially determined by it. How can we recalibrate it? The political commitment should be doubled, and resources should be diversified beyond gas. The current crisis can be seen as a stress test to factor in price volatility as a component of future strategies.

As an alternative, it was recommended that **accelerating renewables and doubling the regulation and demand, which would need**

⁵ <https://www.euractiv.com/section/energy-environment/news/eu-countries-ramp-up-pressure-to-grant-nuclear-a-green-investment-label/>



governmental backing, can lead to the further diversification of resources and drive interconnectedness between the markets.

Trade matters more than ever

Trade and economic competition are an area that should align the transatlantic partnership, not divide it. This was the general tone of the discussion, which kicked off by stating that the US and EU need to focus on long-term, strategic challenges rather than tactical ones. Goals including Free Trade Agreement (FTA) negotiations, focus on the digital economy and the US and the EU aligning with regards to China – given their growing economic prowess.

However, as mentioned during the debate - the devil is in the details. Short-term, tactical challenges are an important indicator of whether the US is ready to support the EU (e.g. WTO reform, Airbus-Boeing dispute) and move on from the Trump unilateralism the US is still recovering from. Debate around how negotiations around FTA was discussed and described as “no low-hanging fruit”. Biden’s initial focus during his administration was clearly domestic, but - as indicated by the resolved dispute between Airbus and Boeing - **there is the need to rebuild trust and generate results on the international scene.** The partial lifting of tariffs on European steel has left Brussels only half-satisfied;⁶ agriculture and technology are areas that may prove difficult to address but have the potential to boost economic growth if handled properly. The US and EU are at a stage where they are oscillating between being competitors and collaborators. While healthy competition was described as needed to generate growth, the US and EU need to build upon their strengths and collaborate when in their best interests.

The US and EU need to overcome the fear lingering from the Trump administration and build something positive across the Atlantic. While there may be a

lack of vision or a lack of strategy that focuses more on tactical matters, building a WTO coalition of countries that can counter China’s overcapacity would signal that the US is ready to return to the rule of law along with the EU. **An area that can be further invested was the Three Seas Initiative (3SI),** which is a politically inspired, commercially driven platform for improving connections among twelve EU member states located between the Baltic, Adriatic, and Black Seas remains a vital component mechanism to strengthen trade and collaboration.⁷ **However, it needs greater commitment from the US to invest in the short- and long-term results of the initiative. It can be used, for example, to counter China’s regional competitiveness through its Belt and Road Initiative (BRI).**

Shared security concerns, what next?

During the Trump era, Europe felt the gap left by the US on multiple fronts but especially regarding dealing with global security challenges. The return of multilateralism via President Biden brought back some consistency towards the security front. The debate among European member states on strategic autonomy has gained traction, and the transatlantic relationship is now trying to navigate how to best incorporate EU’s new security outlook as outlined in the Strategic Compass with NATO and US’s security aims.

The debate occurring among EU member states is also a concern for the relationship as one camp, spearheaded by Germany, is interested in the convergence of NATO and the EU to foster complementarity and not competition, whereas France has been pushing for a more autonomous approach, independent from the US. The US has been encouraging EU strategic autonomy, as there are issues that are strictly European. Overcoming the

⁶ <https://www.bbc.com/news/business-57484209#:~:text=The%20US%20and%20the%20EU.and%20traders%2C%20for%20five%20years.&text=In%20March%20the%20US%20suspended,imports%20arising%20from%20the%20dispute.>

<https://www.politico.eu/article/eu-us-trade-war-truce-import-tariffs-steel-aluminum-g20-summit-2021-china/>

⁷ <https://3seas.eu/>



European lack of capabilities would grant greater interoperability and independence from Washington.

There are accelerating differences between the US and the EU, and the allies seem to have lost the ability to communicate and understand each other. Among the challenges they are faced with there is crisis management, dealing with conflicts under the threshold, backlashes on nuclear deterrence communication, countering China and Russia. Shared security concerns still navigate around how to deal with China in trade, political and security terms. Beijing is developing first-rate weapons and increasing military assertiveness in its region. **It was discussed that decoupling would not be advisable for the US nor the EU in dealing with China. Solidarity among allies while facing Chinese economic coercion is crucial. In regard to Russia, the situation along the Ukrainian border remained a point of discussion and raised concerns on how the EU, US and NATO would respond to a conflict.**

NATO remains at the cornerstone of the transatlantic relationship. However, diverging security outlooks between the US, among EU members and within NATO have created concerns on the future of the security partnership. NATO's Strategic Concept, which remains second to the founding treaty, has Russia and China as key elements. The relation with the former has changed as the Kremlin is not a strategic partner anymore: it is about nuclear posture, disarmament, Georgia, Moldova, etc. The latter is even more complex, as China was not even mentioned in the 2010 Strategic Concept. While NATO remains transatlantic in scope, it focuses on territorial challenges such as Russia, but China is becoming more incorporated.

The US believes NATO should remain the principal instrument granting transatlantic security, but – among EU member states – the debate on strategic autonomy is gaining traction. Although Central and Eastern Europe have concerns over the duplication of resources and fear the US withdrawal from the continent, **further strengthening the EU would strengthen NATO, especially if it will improve the Alliance's military mobility and interoperability.**

It was concluded that the Strategic Concept and Strategic Compass need to remain flexible and agile to adjust and adapt to new and developing security challenges. While Strategic Autonomy will seek to establish the EU's capabilities, there needs to be continued dialogue and alignment with the US to prepare for tomorrow's challenges.

The Transatlantic To-Do List:

While the US and EU stand on opposite sides on many issues, the Forum reiterated the need for closer cooperation, especially regarding strengthening democratic values.

The Forum's takeaways identify the strategic priorities that experts from both sides of the Atlantic outlined during the event 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) Rebuild trust and diplomacy among democratic allies – find ways to create long-term transatlantic resiliency.
- 2) Continue to build European security capabilities; agree on strategic division of labour between NATO and EU and further invest in European joint capacity building.
- 3) Work on developing stronger security infrastructure between US and EU – for example military mobility.
- 4) Create a common threat analysis and find a common approach on dealing with Russia and China – but acknowledging the different threats posed by each country.
- 5) Mitigate disinformation and propaganda by investing and protecting free media.
- 6) Bolster transatlantic trade and economy by revisiting trade negotiations and agreements through multilateral framework.
- 7) Align on energy and climate security challenges by accelerating renewables and



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further diversification of resources to drive interconnectedness between the markets.

- 8) Enhance investments in regional cooperation and investments through the Three Seas Initiative (3SI).
- 9) Increase domestic debate and reshape the 'foreign policy for the middle class'.

Restore shared values and support for democracy and rule of law by galvanizing the world's democracies.



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