

## A more balanced US-EU strategic equation: reshaping the transatlantic relationship

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### Executive Summary

- > Although the return to the White House of a transatlantic-minded Democrat is a positive sign for the relations between the United States (US) and the European Union (EU), the Biden Administration's foreign policy agenda will primarily focus on the challenge of restoring US leadership without hegemony.
- > The EU must seize this challenge as an opportunity for renewing the transatlantic relationship by proposing a more balanced partnership as part of its quest for 'strategic autonomy'. In this regard, the 'New Transatlantic Agenda' jointly proposed in December 2020 by European Commission President von der Leyen and High Representative Borrell should serve as a lynchpin for Europeans to (re)assert their collective ambitions and propose a transformed transatlantic partnership based on credibility.
- > This can best be done in two key strategic areas that are common to Biden's foreign policy agenda and the EU's cooperation offer, forming also the two pillars of a 'geopolitical Europe': trade and security.
- > On trade, the EU should aim for full autonomy to no longer be the direct or collateral victim of US sanctions, protectionism and trade wars. In the security field, the EU should seek to further clarify the terms of transatlantic security relations, particularly concerning NATO.

The extent of media coverage of the November 2020 US presidential election in Europe is indicative of the significance Europeans still attach to US power and transatlantic relations. With a few exceptions (London, Budapest and Ljubljana), it was with a rather undisguised

relief that EU capitals welcomed the victory of Joe Biden. However, the optimism generated in Europe by the return to the Oval Office of a transatlantic-minded Democrat should not be synonymous with naivety. The Trump era opened Europeans' eyes on the limits of an asymmetric transatlantic relationship. They should not forget the lessons learned from that period, nor should they slow the progress made towards greater strategic autonomy.

Introduced in major EU strategic documents such as the 2016 Global Strategy (High Representative 2016) and widely discussed since then, the concept of 'strategic autonomy' was more recently defined by Borrell (2020c) as "a process of political survival". Having become central in the face of the Trump Administration's 'America First' foreign policy, "[s]ome people see strategic autonomy as a chimera that should be abandoned, especially since Joe Biden's victory" (Borrell 2020b: 1). But the EU must remain vigilant not to confine itself to a surrogate role once again. Although it could appear paradoxical at first sight, the quest for Europe's strategic autonomy does not undermine Biden's call for a revival of transatlantic relations. The objective of a more balanced US-EU partnership is coherent with the Biden Administration's transatlantic pledge and key to its leadership restoration ambition (White House 2021b). Furthermore, in the face of the Covid-19 crisis, 'strategic autonomy' is no longer confined to the security and defence fields but encompasses other issues such as industry and health. It should then also become central to a broader range of transatlantic cooperation areas and be a catalyst for a revived – and redefined – EU-US partnership.

Envisaging the coming period as an opportunity for Europeans to transform the transatlantic relationship, this policy brief first acknowledges the need for cautious optimism vis-à-vis the implications of Biden's foreign policy agenda for transatlantic relations. It then critically reflects on the European Commission's 'Transatlantic

Agenda' to conclude with recommendations on trade and security policies aiming at a transformed and more balanced US-EU relationship in which Europeans' credibility and collective ambitions should carry more weight.

### **Biden's leadership restoration challenge**

By resurrecting the leadership vocabulary of the Obama era (Biden 2020; White House 2021a, 2021b), the Biden Administration's primary concern seems to be to restore the US global image rather than its hegemony. This task will be complicated both by domestic factors and global structural changes, binding Biden to build its foreign policy (and transatlantic) agenda on both his predecessors' legacy.

#### *The balancing act of reconciling Americans with US leadership*

With the Democrats regaining control of the Senate (the chamber of Congress that plays the leading role in foreign policy) following their almost unexpected double victory in Georgia's partial legislative elections on 5 January, Biden avoids a cohabitation that would have prevented him from implementing his programme. Despite a more favourable institutional balance of power, the President will still have to perform a balancing act both vis-à-vis the Republicans and within the Democratic Party. Vis-à-vis the Republican opposition, Biden will have to avoid contributing to a further radicalisation of a Republican electorate viscerally angry after Trump's defeat and a Party that intends to take its revenge in the 2022 mid-term elections. Biden's own party also poses a challenge as it finds itself polarised between a (dominant) liberal-centrist wing to which he and his Vice-President Harris belong and an increasingly influential left-wing personified by Alexandria Ocasio-Cortez and her 'Quad'. Although this left-wing rallied behind Biden's candidacy during the election campaign, it remains highly critical of the more centrist Democrat' agenda. On both sides, then, the room for manoeuvre of the new Administration remains very narrow.

Furthermore, despite a long career in the Senate that made him a foreign affairs expert, Biden will primarily focus on tackling the multifaceted domestic crises the US is facing: the pandemic, the resulting economic and social crises, and the smouldering societal crisis which has been corroding American politics and democracy for too long. In this regard, the questioning of the 2020 election results by Trump and many Republicans and the insurrection at the Capitol on 6 January 2021 provided powerful examples of the extent to which the US political system is deficient. At the same time, the degeneration of the Covid-19 crisis and its poor handling by the Trump Administration exposed a high level of impotence of the world's leading power,

underscoring the need to restore Americans' plummeting confidence in the US.

Hence, to restore US leadership on the world stage, Biden needs to reconcile America with itself as the first condition for America's reconciliation with its leadership on the international stage. Furthermore, when Biden claims that "America is back", this does not imply a return to US hegemony. Instead, Biden's foreign policy is bound to display much continuity with Obama's and – maybe more surprisingly – Trump's external agendas.

#### *Biden's Obama heritage*

While it has undoubtedly been aggravated by four years of 'America First', the decline of American power is structural and does not date back to Trump. Unable to prevent this decline, Obama eased the adaptation to this decline through a 'transitional' foreign policy. This was symbolised during his second term by the assertion of his 'pivot' towards Asia and the 'leading from behind' in the Middle East and North Africa, both illustrative of a change in the White House's transatlantic mindset.

Biden's choice of foreign policy personnel is instructive in this regard, notably when it comes to his Secretary of State, Antony Blinken. Already a prominent figure of US diplomacy in the Obama Administration, Blinken's approach to US foreign policy will revert to a certain extent to that of Hillary Clinton and John Kerry. On the one hand, this means an EU-friendly approach to transatlantic diplomacy, reservations vis-à-vis European far-right leaders, and open reluctance towards Russia and Turkey. Under Blinken's leadership, US diplomacy is expected to re-join the EU in re-engaging in dialogue with the Iranians while being less accommodating towards the Saudis' control of the Gulf and Israel's settlements expansion. The US is also expected to regain leadership in global climate negotiations and become a prominent actor in multilateral institutions again. On the other hand, this heritage also implies pursuing the 'pivot' to the Asia-Pacific region and the withdrawal from the Mediterranean and the Middle East, which should be 'compensated' by a greater responsibility demanded on the part of Europeans, who will have to take greater control of their own security (notably within NATO).

Yet, the Biden Administration's agenda cannot merely be reduced to a revival of the Obama years' foreign policy, particularly on the more controversial dossiers, such as the Iran deal or the Middle East peace process. Although US diplomacy will re-engage – or attempt to re-engage – in the dialogue with Iran and preserve the 2015 agreement on nuclear weapons from which the Trump Administration had illegally and loudly withdrawn, this agreement remains strongly criticised from all sides in the US. The ambition of a new negotiation, including the points

criticised by Trump, has therefore already been evoked, particularly concerning ballistic missiles – a *sine qua non* condition for the US's return to the deal. On the Middle East peace process, while abandoning the Trump plan, Biden announced that he would not backtrack on his predecessor's decision to move the US embassy in Israel from Tel Aviv to Jerusalem.

#### *Trump's inevitable legacy*

Biden's foreign policy will thus also display some aspects of continuity with Trump. Although this latter cultivated divisions, he managed to rally a large part of the American electorate behind the rejection of US exceptionalism. Biden may well be a convinced multilateralist and transatlanticist. Yet, an internationalist discourse is no longer a success recipe. Many US voters do not want their government to manage global affairs instead of prioritising efforts to solve domestic problems. Biden cannot overlook the increasing bipartisan consensus in the US around issues such as the need for reforming international institutions, a fairer burden-sharing with Europeans, the end of the 'go-to-war' Middle East policy, and the protection of US businesses and jobs in the conduct of trade and investment relations. With this in mind, Biden aspires to advance "a foreign policy for the middle class" (White House 2021a).

Biden can also not deny the decline of American power and the multipolar confrontation between the US and other major powers, particularly China. A central geopolitical axis at the beginning of the 21st century, the Sino-American rivalry represents a durable structural phenomenon, no matter who sits in the Oval Office. Despite a change in tone to qualify this rivalry, the Biden presidency does not, therefore, imply a real revolution in relations with Beijing, quite the contrary. Biden will undoubtedly try to put an end to the Cold War climate created by the rhetoric and policies of the Trump Administration. Yet, he does not plan to be any more accommodating towards Beijing and its trade competition practices, the political and industrial stakes involved in the accelerated growth of Chinese information and communication technologies (embodied by the confrontation around Huawei and 5G), Beijing's threat in the South China Sea and against Taiwan, and breaches of the rule of law in Hong Kong.

In such a context, Biden's ambition to "reform the habits of cooperation and rebuild the muscle of democratic alliances that have atrophied over the past few years of neglect and ... abuse" (White House 2021a) constitutes a challenge not only for his Administration but also, from a transatlantic standpoint, for EU leaders. His ambition means for Europe to seize the opportunity of transforming

the transatlantic relationship rather than restoring what the transatlantic link used to be.

#### **A more ambitious European agenda for transatlantic relations**

In line with their respective "geopolitical Europe" (European Commission 2019) and "language of power" (Borrell 2020a) discourses, President von der Leyen and High Representative Borrell proposed a 'New Transatlantic Agenda', which they hope will take shape at a US-EU summit in the first half of 2021. Presented in their joint communication on 2 December 2020 (European Commission & High Representative 2020), the roadmap they propose is structured around four areas of cooperation: the fight against the Covid-19 pandemic, climate change and environmental protection, technology and trade, and democracy and security. Thus, overall, the EU's offer of cooperation concerns either issue areas where Trump's policies have severely impaired cooperation (e.g., security, trade, human rights), others where it has been virtually non-existent until very recently (e.g., health, digital issues), or areas which have suffered from being over-politicised depending on the political affiliation of the US Administration in power (e.g., climate and the environment).

Yet, rather than an expectations-based 'invitation' to the Biden Administration, this 'New Transatlantic Agenda' could serve as a lynchpin for Europeans to (re)assert their collective ambitions. They should propose a transformed partnership based on credibility in two key strategic areas common to Biden's foreign policy agenda and the EU's offer, and which constitute the core pillars of a 'geopolitical Europe': trade and security.

#### *Aiming for full autonomy in trade*

To a large extent, Biden's agenda on economic development and trade policy is concerned with its compatibility with the expectations of the US middle class. Where Trump halted Obama's free trade agreements and regional trade alliance projects with the EU (Transatlantic Trade and Investment Partnership – TTIP), Biden has understood that the pro-globalisation rhetoric is no longer *en vogue* in the US. Hence, the Biden Administration's trade policy is likely to retain elements of protectionism, perhaps not in the same aggressive form as under Trump with his tariffs arsenal – particularly against the European 'foe' – but at least in the sense of protecting the American market, companies, and jobs (White House 2021a). This trend is expected to remain a structuring element of transatlantic trade relations, and the EU must accept it as a reality to address.

Beyond transatlantic trade per se, where the ‘New Transatlantic Agenda’ aims to find “negotiated solutions” to trade disagreements and a WTO reform (European Commission & High Representative 2020: 7), the EU should assert itself more as the arbiter of Sino-US trade rivalry than as the collateral victim of a duel in which it would have no say. In the systemic competition opposing the US and China, the EU has in recent years found itself stuck between a historical partner consistently denigrating the EU and transatlanticism and an interlocutor whose weight on the international scene has been growing exponentially over the past decade. In this respect, the EU must acknowledge the need to fight China’s unfair practices, notably by taking a firm stance alongside the US against Chinese illegal practices regarding trade, currency, and intellectual property rights abuses, but also by increasing conditionality in the face of suspected and proven human rights abuses.

Simultaneously, the EU has been making many steps towards China, pursuing its comprehensive engagement with China independently from the US. Hence, while the arrival in office of the Biden Administration augurs a diplomatic improvement in form, in substance the continuation of US opposition to China on many issues – trade, but also interlinked topics such as digital technologies, human rights and regional/security issues – may herald a resurgence of transatlantic divergence. In this regard, Washington’s reaction to the conclusion in principle of the EU-China Comprehensive Agreement on Investment in December 2020 was hostile. For the Biden Administration, it was an act of defiance vis-à-vis the US. The EU, by contrast, sees it as a demonstration of its own trade agenda’s consistency addressed to all its economic partners.

To avoid getting stuck between a rock and a hard place, the EU must aim for full strategic autonomy in trade. Although it already enjoys exclusive competence and considerable power in trade policy, this remains an ambitious task. It requires as a first step further incitation for member states and partners, banks, public and private companies to use the euro in international transactions – notably for strategic exports and imports (e.g., energy, health products) – and as a reserve currency. It also requires further decoupling from the American financial system – especially concerning instant payment systems, as transactions are still massively monitored by the US authorities. This should provide the EU more independence, hence more credibility to face the extraterritoriality of US laws, particularly when it comes to primary and secondary sanctions, which among others prevented the EU from effectively safeguarding the Iran nuclear deal following the unilateral US withdrawal under Trump.

A second step could consist in a revision of EU competition law to facilitate mergers and contribute to creating economic and industrial giants (particularly in the energy and digital sectors) capable of competing with American and Chinese companies. After all, whether it is about exchange currency or industrial groups, if changing the rules is impossible, a fair competition requires at least the ability to fight with the same weapons.

#### *Clarifying the terms of the transatlantic security relationship*

On democracy and security, through an EU participation in the ‘Summit for Democracy’ proposed by Biden and a joint approach to human rights and democracy violations, the ‘New Transatlantic Agenda’ aims to promote a common multilateral agenda, strengthening the coordination of transatlantic responses to regional instabilities (especially in Eastern Europe and the Mediterranean, but also in the Sahel, the Mashreq and the Middle East), preserving the 2015 Iranian nuclear agreement, further coordinating European and American discourse and initiatives vis-à-vis China, Russia and Turkey, and establishing a “structured EU-US Security and Defence Dialogue” (European Commission & High Representative 2020: 10). However, where these propositions respond to Biden’s value-based foreign policy agenda, they do not advance concrete solutions to the deadlock regarding the asymmetric transatlantic security bargain.

Confronted with Trump’s demeaning of transatlanticism, the EU has probably made more progress in terms of strategic autonomy in security and defence over the last four years than ever before (arguably also facilitated by the Brexit). EU institutions have elaborated a more strategic EU foreign policy discourse based on the 2016 Global Strategy, proposed an Implementation Plan on Security and Defence, launched the Permanent Structured Cooperation, created the European Defence Fund under the 2021-2027 EU multiannual financial framework, and proposed a Strategic Compass to set the EU on the path of greater autonomy in security and defence. These projects already constitute, as such, a considerable achievement. Nonetheless, Trump’s departure and the optimism generated by Biden’s renewed commitment to the Atlantic Alliance and unequivocal “faith” in Article 5 (White House 2021b) pose a challenge to the intra-European debate on strategic autonomy. On the one hand, it comforts the advocates of an Atlanticist approach to European security, prioritising a strong alignment with the US and NATO as the guarantor of the continent’s defence. On the other hand, it could halt the progress recently made towards greater Europeanisation of defence and risk relegating European strategic sovereignty to the background. Some might even regret the surge of lucidity

allowed within the EU by the break-up initiated under Trump.

While reaffirming their commitment to transatlanticism, the EU and its member states should keep pursuing this quest for security and defence strategic autonomy and credibility and seize the opportunity to reopen a more favourable transatlantic dialogue at the highest level to redefine the terms of the security relationship.

Concerning the EU-NATO relationship, EU member states that are also NATO members should collectively propose to set aside the ‘two per cent rule’ of each member’s GDP dedicated to defence. This bookkeeping reasoning has been at the centre of the debate on transatlantic burden-sharing for years but never had any other effect than to create tensions among allies, undermine their solidarity and the Organisation’s credibility. What was initially established as an easy-to-capture median benchmark utilised by Obama to trigger Europeans to take greater responsibility for their own security was politically instrumentalised by Trump to accuse them of a parasitic dependence on the US.

A single target to compare the individual contributions of members with very different ambitions to collective security is inadequate. A percentage of GDP allocated to defence spending is not a relevant indicator for assessing national defence planning programmes’ effectiveness. It does not accurately reflect military capabilities and operational readiness, force modernisation or technological upgrading. Furthermore, in times of economic contraction due to the pandemic, while national defence budgets are likely to be limited, their share in national GDPs might increase, resulting in a distortion of the measure. A more practical, output-based evaluation would clarify each member’s added-value and contribute to rebuilding a credible collective security narrative.

Such clarification would also feed a new collective reflection on NATO’s *raison d’être*. Successively declared “obsolete” by US President Trump and “brain dead” by French President Macron, facing French-Turkish clashes and Turkey’s Russophile inclinations, NATO must consider redefining its identity. Faced with new threats emerging from regional and global geopolitical reconfigurations and long-lasting deadlocks (e.g., Afghanistan, Libya), NATO

must, as it had done after the end of the Cold War, question its purpose. This means updating the 2010 Strategic Concept, a process in which the EU has to participate through its member states. Since transatlantic burden-sharing must be fairer and the EU member states’ progress on defence cooperation would make the EU more responsible for its own security, this NATO strategic review process would also help clarify the responsibility-sharing between the two organisations and among their members.

Finally, repurposing NATO is also a question of the collective security agenda and of Europeans showing a stronger willingness to take their responsibilities on regional issues and actually assuming them. This must be the case in the Eastern neighbourhood, where the EU remained a spectator of the conflict between Armenia and Azerbaijan in the fall of 2020, letting Russia play its role of hegemonic referee between two members of the EU’s Eastern Partnership. This must also be the case in the Mediterranean and the Middle East, where Europeans have kept a low profile in the Lebanon crisis and remain spectators of the escalation of tensions resulting from the consolidation of a block newly formed by Israel and the Arab powers of the Gulf against Iran.

## Conclusion

In the aftermath of the Trump presidency, pursuing the objective of a ‘geopolitical Europe’ requires the EU to clarify its strategic ambitions and implies a more balanced relationship with the US. While following a European agenda, the EU must lead the discussions on issues that are not only high on its own, but also on the Biden Administration’s foreign policy agendas to become a coherent and credible force for proposals. On key matters, particularly trade and security, the EU and its member states should collectively reflect on what strategic autonomy entails so as to formulate common objectives more clearly. For if the EU’s construction has historically benefitted from a powerful transatlantic partnership, it is today a strong, credible and strategically autonomous EU on which the solidity of a renewed transatlantic relationship depends.

## Further reading

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