

Transforming Transatlantic Relations

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Public Policy

Seizing a “[once-in-a-generation](#)” opportunity to work with the Biden-Harris team—potentially the most transatlanticist administration in decades—the European Commission and the European External Action Service today adopted a detailed and comprehensive plan to reinvigorate and reimagine the transatlantic partnership. The proposed strategy will be further debated, amended, and adopted by the twenty-seven national leaders at the European Council on December 10-11.

Any new grand bargain will entail numerous trade-offs and significant shifts in existing policies, whether on public health, sustainable finance, climate change, data transfers, regulatory cooperation, digital taxation, trade, or the defense industry. It is a unique moment for clients to engage both in Europe and the United States to help shape the ultimate outcomes.

Adopting this strategy formally at the level of heads of state and government is also intended to enshrine the center of gravity in European policymaking and public opinion, [avoiding](#) the “trap of false debates” between transatlanticists and Europeanists. The plan’s underlying logic is that America and Europe jointly account for approximately half of the world’s GDP (based on current exchange rates), military spending, and diplomatic wherewithal and can serve [together](#) as “the linchpin of a new global alliance of like-minded partners.” The economic, geographic and regulatory scope of the EU’s strategy highlights its potential impact for business.

The plan of action consists of four priorities.

- *First*, echoing the Biden-Harris team’s focus on controlling and overcoming the Covid-19 pandemic, the EU proposes that the U.S. join the global effort, COVAX, to produce and distribute coronavirus vaccines equitably. At the same time, Europe is developing a pandemic playbook to be better prepared for future crises, including by strengthening the World Health Organization, and wants to establish an effective exchange of information with the United States on these issues. The EU also calls on the U.S. to work with it to facilitate trade in healthcare products within the WTO.
- *Second*, climate change is another priority of the proposed transatlantic framework. The EU, having committed to net-zero greenhouse gas emissions by 2050 with the European Green Deal, would like the United States to join it and other countries that have made similar climate-neutrality pledges, such as South Africa, Japan, and South Korea. To add leverage to its diplomatic effort, the EU has discussed developing a WTO-compatible carbon border adjustment mechanism by internalizing the environmental cost of carbon-intensive manufacturing into the price of products. The thrust of these proposals chimes with much of the Biden-Harris administration’s climate plan, and a joint approach could impact business in almost any sector.

- *Third*, technology and trade are likewise listed as a core priority. The EU's [strategy](#) argues that a "transatlantic technology space should form the backbone of a wider coalition of like-minded democracies." Here, the devil will be in the details as the two sides will need to reach a compromise on issues such as data protection, digital taxation, or reforming the WTO. To facilitate this dialogue, the EU [proposes](#) establishing a transatlantic "Trade and Technology Council." It also calls for a new Transatlantic AI Agreement. However, the strategy does not foresee relaunching trade negotiations akin to the Transatlantic Trade and Investment Partnership. The transatlantic difference in approach may be greatest in tech regulatory matters, but such cooperation would give business new ways to engage with both U.S. and EU policymaking.
- *Fourth*, the EU emphasizes its commitment to a liberal rules-based order that promotes peace, prosperity, and political inclusion. EU leaders have welcomed President-Elect Joe Biden's proposal for a summit of democracies as a way to build up strength in the free world against "authoritarian powers," [particularly](#) given the "strategic challenge presented by China's growing international assertiveness." The EU also [proposes](#) establishing a "EU-U.S. Security and Defence Dialogue" to coordinate on issues such as Russia as well as in promoting stability in the Middle East, North Africa, and elsewhere.

The EU's overall vision echoes President-Elect Biden's [observation](#) that "Europe is the cornerstone of [U.S.] engagement with the world" and is America's "catalyst for global cooperation"—what President Barack Obama [described](#) as "an enduring truth of American foreign policy." The 11-page proposal is an effort to institutionalize this guiding principle and implement the strategy into reality. Eager to meet with the new Biden-Harris team, the EU has [suggested](#) a summit with the United States in early 2021, the first such meeting in several years.

Our transatlantic team has substantial experience assisting clients with developing engagement strategies to help shape policy, both in Europe and the United States. If you have any questions concerning the material discussed in this client alert, please contact the following members of our Global Public Policy practice:

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