

ASG Analysis: The EU's Transatlantic Agenda for 2021

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Key Takeaways

- In recent days, the European Commission and the Council of member states have outlined proposals for EU cooperation with the Biden administration. These address pandemic response, economic recovery, climate, and the regulation of digital enterprises – in short, the foundation of a joint approach to counter the increasing power of China.
- The key message from these documents is that 2021 will mark a return to predictable policymaking processes. After several years of uncertainty about how and when decisions affecting business would be made, and whether issues like climate change could be addressed multilaterally, businesses must be prepared to engage in Europe and in the U.S. on shaping proposals for legislation, regulation, and transatlantic coordination.
- The Commission's policy paper, "A new EU-US agenda for global change," outlines the priorities for a new transatlantic agenda, focusing specifically on management of the Covid-19 pandemic, climate change, cooperation on trade and technology, and alignment on foreign policy. The "Council conclusions on European Union-United States relations" are consistent but more political in tone, calling for sustained, high-level engagement between the U.S. and Europe.
- This wide-ranging agenda is unlikely to be addressed in a single, comprehensive venue like transatlantic trade talks. Instead, it will involve coordination across multiple decision-making bodies, requiring that those interested in outcomes understand both what is being discussed and what venues will matter most.
- The Commission also released the European Democracy Action Plan on December 3 to counter online disinformation and protect election integrity, democracy, and media freedom. Along with other proposed legislation, the plan reinforces the EU's proposals for transatlantic cooperation in the digital sphere.

New EU-U.S. Transatlantic Agenda

As an overture to the new Biden administration, the European Commission on December 2 released ["A new EU-US agenda for global change"](#) calling for renewed transatlantic cooperation based on common interests and values and rooted in multilateral action and institutions. On December 7 the European Council of member states similarly released its ["Council conclusions on European Union – United States relations"](#).

The Commission's global agenda contains specific action items, divided into four broad sections:

- **Pandemic management.** The EU and U.S. should engage immediately on the Covid-19 pandemic and economic recovery. The EU proposes to strengthen the World Health Organization, asking Washington to rejoin the agency and contribute to COVAX and the Access to Covid-19 Tools Accelerator, two initiatives to fund the development and equitable global distribution of vaccines and treatments. The policy paper also calls for a comprehensive pandemic response program to be developed as part of the upcoming G20 Summit hosted in Italy. This effort alone exemplifies how each element in EU-U.S. cooperation will involve global leadership across venues.
- **Climate.** President Biden has already promised to rejoin the Paris Climate Agreement, and the EU would like to build on this by jointly leading global efforts to combat climate change. Proposed measures include a joint commitment to net-zero carbon emissions by 2050 and a green trade agenda in concert with the Trade and Climate Initiative of the World Trade Organization (WTO). Interestingly, the paper argues for a green tech alliance to develop and introduce into the market clean and circular technologies. Proposals on how to organize such an alliance could be of central interest to companies interested in next generation automobiles, recycling, and the financing of private sector green technology.
- **Trade and technology.** The EU envisions a transatlantic tech alliance to “form the backbone of a wider coalition of like-minded democracies with a shared vision on tech governance.” On this front, the Commission proposes establishing an EU-U.S. Trade and Technology Council to reform and reinforce the WTO; develop joint standards and regulations on emerging technologies; cooperate on AI and cybersecurity; create a common approach to protect critical technologies, starting with 5G (a technology on which it notes Europe possesses strong advantages); and achieve fair taxation of the digital economy. This initiative aims more broadly to prevent China from establishing tech dominance and stop its attempts to make Chinese standards the global norm. ASG believes that the EU will also inevitably call for cooperation between competent authorities on antitrust enforcement in digital markets. The EU is already exploring the power of gatekeepers in digital markets, through the Digital Markets and Digital Services Acts, and coordinated domestic actions between Washington and European regulators could reshape marketplaces. Any U.S. competition and antitrust policies comparable to those of the EU, however, are likely to be slowly enacted and enforced.
- **Foreign policy.** While China will likely be a large focus of any transatlantic agenda, as indicated by a proposal for a new EU-U.S. Dialogue on China, the EU calls for cooperation across a wide range of issues and regions. Key points include restoring the Iran nuclear deal; containing Russia; protecting and promoting reform in the EU's Eastern Partnership countries; and achieving stability in the Middle East. The EU's Council of member states also notes the importance of defining an EU defense identity. Central to this foreign policy agenda is a joint commitment to fighting authoritarianism, human rights abuses, and corruption. Action by Washington to require transparency around foreign funds entering the U.S. could have a significant impact on financial services, real estate, and investment markets.

The Commission's proposal for cooperation is intended as an EU policy statement and is not a binding instrument. It is a strong indicator, however, of how the EU aims to cooperate with the Biden

administration while also pushing its own objectives. The EU emphasizes its intention to be an equal partner in the transatlantic relationship and its desire to continue building its own strategic autonomy and capabilities independent of the U.S. This is especially true on the issue of technology, as the EU has already proved willing to regulate big tech and intends to continue reigning in U.S.-based internet giants. The EU also outlined its willingness to take a greater share of the burden in defense cooperation and to align its defense priorities with those of NATO.

The policy paper fails to outline concrete steps to reset cooperation between the EU and U.S. and overcome differences between the two. It will be difficult, for example, to find common ground in the proposed Transatlantic Trade and Technology Council on issues such as digital taxes, data privacy, and regulation of big tech. While President-elect Biden will likely be more willing than his predecessor to collaborate with the EU on these issues, the new administration has made clear that Covid-19 and economic recovery are greater priorities than regulating tech. Cooperation might be further hampered by partisan politics in Congress, driven by historical opposition to regulating tech giants as aggressively as Brussels and a reluctance to give up the income from big tech that would come from rewriting digital tax rules. That being said, the U.S. has become increasingly skeptical of big tech, though still not at the level Europe has, and issues such as 5G, cybersecurity, and challenging China's digital rise should provide good stepping stones for wider cooperation.

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