



TRANSATLANTIC VISION 2030 Renewing the partnership

Stimulating debate through thought papers

Restoring a Transatlantic sense of purpose

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Introduction

2020 has the sound of a pivotal year. It also promises to be so for transatlantic relations. The US presidential election will be highly consequential, whoever wins on Tuesday, 3 November. If the European Union (EU) follows through on even a portion of the ambitious agenda that Ursula von der Leyen, then candidate for European Commission President, laid out on 16 July 2019, its aspiration for greater strategic autonomy will introduce important changes in the relationship.¹ And Britain's withdrawal from the EU on 31 January will structurally change the dynamics of US-European relations.

But actions and decisions taken in 2020 will take time to play through into the fabric of the transatlantic relationship. What do the last five years tell us, and what we can we imagine in the next five, about where transatlantic relations might be further ahead, in 2030? This paper shows, first, that the benefits of sustaining a strong relationship into the following decade are incontrovertible. Political leaders may or may not heed this logic. Second, it notes that the hurdles to a strong and effective relationship in 2030 are high. Notwithstanding the importance of the upcoming US presidential election, the paper argues in its third section that the main determining variable for the future of the transatlantic relationship is what Europeans choose to do or not to do over the next few years.

1. The need: past, present and future

A coherent past in the Cold War and Post-Cold war periods

For over 70 years, the citizens and governments of the United States, Canada and Europe have constituted a transatlantic community united in their commitment to protect and sustain the freedoms and opportunities offered by liberal democracy. They came together to confront the danger that the Soviet Union posed to Europe's fragile democracies in the wake of the Second World War. If these countries had fallen under the Soviets' totalitarian sphere of influence, this would have meant the end of the political freedoms which they had jointly defended after 1940; it would also have resulted in North America's strategic and economic isolation.

There were plenty of disagreements during the Cold War between allied capitals over the best ways to confront the Soviet threat and the appropriate share of the burden in doing so. But the scale and imminence of the threat always served as a uniting force. The end of the Cold War in 1990 ushered in a more complex period for the transatlantic alliance. Its members lost the external discipline of the Soviet threat, but gained the opportunity to expand the zone of liberal democracy, as communist regimes gave way to new democratic governments in central and eastern Europe and across the world. This development also allowed them to promote open market principles globally through a new World Trade Organisation and more proactive Bretton Woods institutions.

¹ European Commission (2019), 'Opening Statement in the European Parliament Plenary Session by Ursula von der Leyen, Candidate for President of the European Commission', *SPEECH/19/4230*, 16 July 2019, https://ec.europa.eu/commission/presscorner/detail/en/SPEECH_19_4230

The emergence of Islamist terrorist groups in the late 1990s, and their violent attacks in New York, Washington, Madrid, London, Paris and other capitals through the 2000s, served as an additional focus for transatlantic cooperation, even though disagreements over the necessary responses – especially in Iraq – led to deep divisions and still festering wounds.

The return of geopolitics and weakening of liberal democracy

Today, a more assertive China and a determined Russia have both made political inroads into regions and countries seemingly part of the liberal international system. This has thrown into stark relief the fact that the spread of liberal democracy is not inevitable, and that the coherence or, even, survival of existing democracies cannot be taken for granted. Resisting this trend will potentially be one of the transatlantic allies' overriding shared objectives through 2030.

Vladimir Putin and his inner circle continue their efforts to roll back the spread of democracy and open markets across Eurasia and around the world. President Putin consistently allies Russia with dictators and proponents of authoritarianism, rejecting the emergence of more accountable systems of government supported by the West, believing that the former offer greater opportunities for Russian political and economic advantage. He is entirely disinterested in what Russia's policy might mean for those populations denied the chance to experience personal freedom and sustained economic progress. And, in another aggressive form of self-defence, Putin's team are trying to undermine US, European and other democratic political institutions, including through attempts to influence elections, using bots, micro-targeting and disinformation.

There are few prospects that Russia's politics or strategic calculations will change in the coming years, especially if President Putin retains de facto political control beyond the end of his current final Presidential term in 2024. Russia might be an important, even essential energy partner for many of its European neighbours. But, beyond this, there are limited opportunities for economic integration under its current authoritarian, corrupt and paranoid government. Any meaningful change in Russia's domestic or foreign policies will come from inside, not as a result of external incentives or pressure.

In the meantime, living with Russia will require credible means of deterrence against an escalation of its external interference. This deterrence will be most credible if it is sustained transatlantically, whether in the military or other spheres, given the collective economic and political weight of the US and its allies, thereby maximising the potential cost of Russian actions.

China's rise poses a more complex challenge for transatlantic relations. As a one-party, authoritarian state, its international interests are prone to clash with those of the democratic transatlantic community. At the strategic level, China and the US are trapped in a deepening security dilemma, of the sort that animated US-Soviet competition during the Cold War. Each step China takes to strengthen its security, including its military capability, commensurate with its economic interests and wealth, begets a counter-reaction from the US. This then confirms the Chinese fear that the US seeks to contain China's rise. As a further dimension of this strategic competition, the Chinese government appears intent on promoting its political and economic model beyond its shores.

Its Belt and Road Initiative serves as an umbrella not only for exporting Chinese-financed and led infrastructure projects, but also for buying political influence with host governments and for proliferating surveillance technologies and methods. This influence is important as China seeks to build support in the UN and its agencies for a state-centric approach to global governance, one that downplays the importance of the tenets of the UN Universal Declaration of Human Rights, which are so important to the transatlantic community.

Unlike the Soviet Union, China is not exporting a political ideology to compete with liberal democracy. But its belief in the primacy of sovereign rights over individual rights, and over the

competence of international institutions to adjudicate on individual rights, finds wide support in Russia and many political circles across Asia and Africa. Moreover, the sheer size of its economy, combined with the close economic interlinkages it has built over the last twenty-five years with the US and Europe, further complicates the transatlantic community's ability to coalesce around a common response. Each member of the transatlantic community must engage as well as co-exist with China. But, unless they do so in a coordinated way, China will gradually fracture their capacity to ensure that international institutions, economic rules and global norms remain aligned with the liberal democratic values that the US and its allies believe offer the best prospects for a secure and prosperous future.

The future impacts of state fragility, climate change and technological disruption

Sub-Saharan Africa will be one of the main theatres of this rivalry in the coming decades. The future of Sub-Saharan Africa will also be pivotal to European and transatlantic security and prosperity more broadly. Its population is projected to double in the next thirty years, from a little over one to more than two billion people.² This demographic increase would pose enormous administrative and political stresses on African governments under any circumstances. But to this must be added the impacts of climate change, technological disruption and popular political awakening. Unless they can provide the infrastructure, public services and effective administration to cope with this population increase, levels of violent extremism will grow, with the potential to spill into western diasporas and societies, as will flows of illegal migration.

These risks are most proximate to Europe. But Africa's importance to international security, alongside the opportunities it offers as a market and as a major source of the commodities necessary to fuel the transition to renewable forms of energy and transportation, mean the whole transatlantic community will need to engage more coherently with the African sub-continent than it has done in the past.

The combined challenge from geopolitical rivals and fragile neighbours risks pushing into the political background the two main systemic changes to the transatlantic community of the next decade. The first is from climate change, and the second is from the disruptive effects of the new technological wave.

Climate change will have a major impact on advanced European and North American economies. Although their relatively high standards of wealth and their capacity for technological innovation provide them with the resources to adapt, the costs from increased temperatures, land degradation and extreme weather events on dense, urban environments and infrastructure, especially those near shorelines, and on agriculture and rural livelihoods will be severe. The national policies needed to respond to the effects of climate change are also deepening levels of political polarisation in already fractious domestic politics.

In this sense, technological advances are both an opportunity and a threat. The shift from coal-fed power to gas to renewables, like the shift from fossil fuel-powered transportation to electric vehicles, will transform the sorts of human skills needed and the location of the best jobs. A return to on-shoring aspects of advanced manufacturing will open new jobs in some sectors, while many of those which service complex, global, just-in-time supply chains will come under threat. And the capacity for advanced machine-learning to displace white-collar as well as blue-collar jobs will cause further disruption in western job markets.

Policy responses to these challenges will be multi-layered – at the local, national, regional and international levels. But transatlantic cooperation will be important in two respects. First, it is almost certain that the price of carbon in North America and Europe will increase radically by 2030. In this case, the need to impose border adjustments to the price of imports so as to account for their

² United Nations (2019), *Population*, <https://www.un.org/en/sections/issues-depth/population/index.html>

carbon content will be inescapable. This could open a new front in the rising global trade wars, unless, that is, Americans and Europeans begin to develop a common approach that could then incorporate other nations.

Similarly, the demand and need to transfer personal data across borders will rise exponentially with the deployment of the 'internet of things' – the insertion of increasingly smart, connected technologies not only in phones and cars, but also in practically all personal objects, from medical implants to home appliances. Historically, the US and Europe have diverged on data governance, with privacy- and consumer-minded Europeans clashing with their security- and market-prioritising counterparts across the pond.³ But only the transatlantic community can lead in designing and propagating rules that would incorporate protection of personal freedoms alongside maximizing the opportunities for economic progress and improvement in personal welfare that lie on the new technological frontiers.

The innate logic and power of a strong future transatlantic partnership

The rising power of China and Russia and the spread of more unaccountable systems of government not only in Africa, but also across Latin America, the Middle East and many parts of Asia, is likely to make it harder for the world to deal with the global challenges of climate change and technological disruption. It is imperative, therefore, that governments on both sides of the Atlantic protect and sustain liberal forms of governance and transparent institutions wherever possible. Despite rising populism and domestic indifference to human rights abroad, they still have a huge self-interest in doing so – in terms of their own security and prosperity. Authoritarian states, like fragile states, are likely to increase the risks of terrorism, corruption and organised crime, as well as illegal migration and forced displacements – all of which can spill into European and American societies, imposing financial, political and human costs.

The members of the transatlantic community currently have a unique capacity to help tackle these challenges. Together, they constitute over 1 billion people, slightly below 15 percent of the world population, but account over 50 percent of world GDP.⁴ Together, their military budgets are equivalent to 57 percent of the global total⁵ and they contribute 85 percent of total official development assistance.⁶ They retain, for now, a dominant voice not only in international financial institutions, such as the IMF and World Bank, but also in international standard-setting bodies, such as the Financial Stability Board, the International Accounting Standards Board, the International Telecommunication Union, and the International Organization of Securities Commissions. Their rivals also have, at best, relationships of convenience, beset by historical and strategic suspicion, meaning there is no new equivalent to the Cold War's Warsaw Pact or Comecon.

However, the predominance of the transatlantic community in international affairs will not necessarily persist far into the 21st century. By 2030, US military spending is projected to have risen to \$1 trillion, an increase of 58%. China and India, however, will see a more than 200% increase, to \$736 billion and \$213 billion respectively, making them the second and third military spenders by

³ See, for example, *Transatlantic Relations: Converging or Diverging?*, Xenia Wickett (Chatham House, 2018) and its analysis of the Snowden case: <https://www.chathamhouse.org/sites/default/files/publications/research/2018-01-18-transatlantic-relations-converging-diverging-wickett-final.pdf>

⁴ UN (2019), *World Population Prospects 2019: Highlights*; https://population.un.org/wpp/Publications/Files/WPP2019_Highlights.pdf; IMF (2019), 'GDP, current prices', *World Economic Outlook*, <https://www.imf.org/external/datamapper/NGDPD@WEO/OEMDC/ADVEC/WEOWORLD>

⁵ Stockholm International Peace Research Institute (2019), 'Trends in World Military Expenditure, 2018', *SIPRI Fact Sheet*, April 2019, https://sipri.org/sites/default/files/2019-04/fs_1904_milex_2018_0.pdf

⁶ This calculation is based on total 2017 ODA reported to the OECD. For further details, see: OECD (2019), *Net ODA*, <https://data.oecd.org/oda/net-oda.htm>

2030.⁷ By 2028, China is expected to overtake the US as the largest global economy, while the US and EU's contribution to world GDP in PPP terms will decline from around 31% in 2016 to around 21% by 2050.⁸

Impatient with the slow reform of the Bretton Woods institutions to reflect this shift in global economic power, China has spearheaded the rise of alternative sources of international financing, including its own sovereign wealth vehicles, such as the New Development Bank and the Silk Road Fund, which invests in the Belt and Road Initiative. Meanwhile the Shanghai Cooperation Organization's (SCO's) policy remit and membership is steadily expanding. India and Pakistan are its newest signatories, and its 2015 'Development Strategy until 2025' commits its members to increased security, economic, cultural and humanitarian cooperation and stronger connections with the UN and regional organizations.⁹ The Chinese leadership is also focused on influencing norms and laws that govern the UN and its related institutions, using its economic power to secure allies to its side on contentious votes.¹⁰

2. The hurdles

Given these shifts in geopolitical and economic power, can the transatlantic community protect its interests as well as sustain its international influence during the pivotal next ten years? It is tempting in Washington and European capitals to believe that the Trump administration's rise to power and its combative approach to the EU and disdain for transatlantic and multilateral institutions are a brief aberration in what has otherwise been a remarkably productive 75-year alliance. It is equally tempting to believe that, either in 2021 or 2025, the departure of President Trump will allow US and European policymakers to revert to their instincts for policy cooperation, compromise and alignment.

America's strategic ambivalence

There is indeed evidence that this is just a temporal divide, principally between European policymakers and their US counterparts, rather than between the peoples on either side of the Atlantic. The Pew Centre, like other institutions engaged in surveying public opinion, points to the continuing support in both the US and Europe for NATO and for close US-European economic cooperation.¹¹ These polls show how public frustration focuses more on personalities than policies.¹²

And, despite President Trump's invective towards NATO and the EU, US policy has not always followed the rhetoric. Rather than weakening NATO, the Trump administration has increased its

⁷ European Commission (2019), *World military expenditure and weapons trade*, https://ec.europa.eu/knowledge4policy/foresight/topic/changing-security-paradigm/world-military-expenditure_en

⁸ PwC (2017), *The Long View: How will the global economic order change by 2050?*, <https://www.pwc.com/gx/en/world-2050/assets/pwc-world-in-2050-summary-report-feb-2017.pdf>

⁹ Centre for Security Studies (2018), *Flexibility by design: The Shanghai Cooperation Organisation and the future of Eurasian cooperation*, <https://css.ethz.ch/content/dam/ethz/special-interest/gess/cis/center-for-security-studies/pdfs/Maduz-080618-ShanghaiCooperation.pdf>

¹⁰ Harriet Moynihan (Chatham House, 2018), *Engage China to Uphold Multilateralism: But Not at Any Cost*, <https://www.chathamhouse.org/expert/comment/engage-china-uphold-multilateralism-not-any-cost>

¹¹ Fagan, M. (2018), 'NATO is seen favorably in many member countries, but almost half of Americans say it does too little', *Pew Research Center*, 9 July 2018, <https://www.pewresearch.org/fact-tank/2018/07/09/nato-is-seen-favorably-in-many-member-countries-but-almost-half-of-americans-say-it-does-too-little/>; Stokes, B. (2017), 'NATO's Image Improves on Both Sides of Atlantic', *Pew Research Center*, 23 May 2017, <https://www.pewresearch.org/global/2017/05/23/natos-image-improves-on-both-sides-of-atlantic/>; Simmons, K., Silver, L. and Johnson, C. (2017), 'Transatlantic Dialogues: In Europe and North America, Publics More Supportive Than Experts of Direct Democracy', *Pew Research Center*, 7 November 2017, <https://www.pewresearch.org/global/2017/11/07/europe-north-america-publics-more-supportive-than-experts-of-direct-democracy/>

¹² Simmons, K., Silver, L. and Johnson, C. (2017), 'Transatlantic Dialogues: In Europe and North America, Publics More Supportive Than Experts of Direct Democracy', *Pew Research Center*, 7 November 2017, <https://www.pewresearch.org/global/2017/11/07/europe-north-america-publics-more-supportive-than-experts-of-direct-democracy/>

troop presence in continental Europe and its financial support to forward deploy military equipment.¹³ It has driven European governments to accelerate their commitments to spend 2 percent or more of GDP on defence. And the US Congress has tightened US economic and political pressure on Russia for its intrusions into Eastern Ukraine.

On the economic front, the 2017 decision to impose tariffs on European steel and aluminium imports and the punitive US measures following the WTO's decision against Airbus, and the European responses to these measures, are only marginally worse than those of previous administrations with their chicken and beef wars, obstacles to public procurement contracts, and disputes over data sharing. The period since President Trump entered the White House has also coincided with a growing alignment between US and European attitudes in confronting China's domestic protectionism and the predatory behaviour of some of China's emerging multinationals. This alignment is visible in joint US, EU and Japanese efforts to reform the rights of developing countries within the WTO, which are unfairly benefiting Chinese companies in domestic and international markets.¹⁴

But, despite these aspects of continuity in transatlantic relations, President Trump's election has been an inflection point in America's long-standing ambivalence towards the multilateral institutions that it helped launch in the mid-twentieth century. Even when the US was globally dominant, US Ambassadors to the UN like Jeanne Kirkpatrick and John Bolton channelled a deep-seated suspicion of the value of multilateralism in meeting US national interests. With the growing political influence of China and other states that are unwilling to accede to US global leadership, President Trump has given free rein to the US suspicion of multilateral institutions and multilateralism that is likely to continue to grow in the coming years.

He was able to withdraw the US from the Joint Comprehensive Plan of Action (JCPOA) with Iran because President Obama had been unable to secure its approval as a formal treaty in the US Senate, given deep bipartisan concerns of the validity of separating the nuclear dossier from Iran's wider security threats to the region. Trump was able to announce America's intended withdrawal the US from the Paris Agreement on climate change because the Obama administration's signature also lacked treaty status, given deep US divisions on how to confront this issue. His administration's decision to withdraw from the Treaty on Intermediate Nuclear Forces reflects a cold US calculation that, given Russian violations of the treaty's restrictions on missile modernization and China's exclusion from the treaty, the US will be better off modernizing its own nuclear arsenal while raising the pressure on China to engage in arms reduction talks.

In each case, notwithstanding intense domestic debate and differences of opinion in the legislative and executive policymaking communities, US unwillingness to align with its European allies in protecting existing multilateral agreements or designing new ones rests upon Americans' sense that they are engaged in a strategic competition to sustain US global leadership position against China's rise. In this context, new multilateral agreements are more likely to tie down America's sovereign capacity to respond than they are to address the underlying problem.

¹³ Office of the Under Secretary of Defense (Comptroller) (2019), 'European Deterrence Initiative: Department of Defense Budget Fiscal Year (FY) 2020', *US Department of Defense*, March 2019, https://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2020/fy2020_EDI_JBook.pdf; R. Wojcik

(2019), 'A Stronger Frontline', *CEPA*, 13 June 2019, <https://www.cepa.org/a-stronger-frontline>
¹⁴ Baschuk, B. and Donnan, S. (2019), 'U.S., EU, Japan Push for Pact to Rein In China's State Subsidies', *Bloomberg*, 20 May 2019, <https://www.bloomberg.com/news/articles/2019-05-20/u-s-eu-japan-push-for-pact-to-rein-in-china-s-state-subsidies>; Schneider-Petsinger, M. (2019), 'The Path Forward on WTO Reform', *Chatham House Expert Comment*, 7 May 2019, <https://www.chathamhouse.org/expert/comment/path-forward-wto-reform>

A less cohesive European pillar

Despite these elements of US policy continuity, most EU citizens and governments see the Trump administration as the main instigator in weakening the transatlantic voice in international affairs.¹⁵ They have concluded that improving the transatlantic relationship under President Trump's leadership could well be a lost cause.¹⁶ But this ignores the growing internal divisions in Europe about a number of important policy questions, which the Trump administration has latched onto and which are also fraying transatlantic cohesion.

The Trump administration's opposition to the Nordstream II gas pipeline between Russia and Germany has angered the coalition government in Berlin, but this opposition is widely shared among central European governments as well as the European Commission, which believe it unwisely increases Russian strategic influence in Europe.¹⁷ President Trump's off-the-cuff remark on 20 August 2019 that Russia should be invited to re-join the G7 now finds echoes in Paris and other EU capitals, where many believe there is more to be gained from a new détente than from continuing to punish Russia for its past transgressions in Ukraine.¹⁸ This is much to the consternation of those European policymakers who see President Putin as a direct threat to their sovereignty and a major source of global instability. And the Trump administration's hard line against any Chinese involvement in Europe's telecommunications and other critical infrastructure has tapped a vein of anger among European policymakers and citizens about China's increasingly blatant abuse of human and civil rights at home. They are now challenging the dominant view of those dealing with China policy in Europe that Europeans can have their China cake and eat it – confronting Beijing rhetorically for its many human rights failings while continuing to grow Chinese-European economic relations.

On the issue of values, President Trump's cavalier attitude to the primacy of the rule of law and the judiciary and to the benefits of objective media has horrified many in Europe. However, some European governments are pursuing domestic policies that have gone far further in terms of rolling back checks on executive power and freedoms for independent media and civil society.¹⁹ These and others see Trump's mantra of 'America First', his opposition to unfettered immigration, and disdain for multilateralism as a welcome support for national sovereign decision-making against an ever more integrating, culturally homogenous EU.

Re-building transatlantic relations while President Trump stokes divisions between America and Europe as much as he does within Europe itself will be nigh impossible. But re-building them beyond Trump towards 2030 will likely be an equally forlorn task unless Europeans first become more collectively coherent and capable. Only then will Europe be able to serve as an appealing and valuable partner to an increasingly sceptical and inward-looking US.

¹⁵ Bialik, K. (2018), 'How the world views the U.S. and its president in 9 charts', *Pew Research Center*, 9 October 2018, <https://www.pewresearch.org/fact-tank/2018/10/09/how-the-world-views-the-u-s-and-its-president-in-9-charts/>

¹⁶ Simmons, K., Silver, L. and Johnson, C. (2017), 'Transatlantic Dialogues: In Europe and North America, Publics More Supportive Than Experts of Direct Democracy', *Pew Research Center*, 7 November 2017, <https://www.pewresearch.org/global/2017/11/07/europe-north-america-publics-more-supportive-than-experts-of-direct-democracy/>

¹⁷ De Maio, G. (2019), 'Nord Stream 2: A failed test for EU unity and trans-Atlantic coordination', *The Brookings Institution*, 22 April 2019, <https://www.brookings.edu/blog/order-from-chaos/2019/04/22/nord-stream-2-a-failed-test-for-eu-unity-and-trans-atlantic-coordination/>

¹⁸ See, for example, The Economist interview with Macron: 'Transcript: Emmanuel Macron in his own words (English)', *The Economist*, 7 November 2019, <https://www.economist.com/europe/2019/11/07/emmanuel-macron-in-his-own-words-english>

¹⁹ Poland, for example, introduced legislation which jeopardizes judicial independence. See Rankin, J. (2019), 'EU challenges Poland over judicial independence', *The Guardian*, 10 October 2019, <https://www.theguardian.com/world/2019/oct/10/eu-sues-poland-over-judicial-independence>

3. Building a stronger European pillar

Six policy areas need to be addressed if Europeans are serious about contributing to the long-term strength of the transatlantic relationship.

First, the European Commission and EU member states need to sustain a forward-leaning approach to multilateral economic integration. Despite the Trump administration's raft of unilateral trade restrictions, the EU has remained at the forefront of developing modern trade agreements, including, in the last three years, ratifying deals with Canada, Japan and Singapore, signing deals with Vietnam and the Eastern and Southern African states and concluding a major FTA with Mercosur which now awaits signature.

It will be tempting for EU leaders to ease back on this proactive trade agenda at the start of a new Commission, while populist parties remain strong across Europe. But the weakening in EU economic growth that has shadowed America's protectionist agenda points to a European self-interest in sustaining EU leadership on global trade. More importantly for the future transatlantic relationship, the EU's activist policy has forced the United States to try to complete its own bilateral deals, so as to avoid the risk of trade diversion for US exporters. The overall effect is to strengthen the EU's hands in the important negotiations to modernise the WTO, while keeping open avenues and motivation for the US to return to the EU in the future to negotiate their own advanced trade and investment agreement.

Second, European governments need to sustain the recent increase in their levels of defence spending. The bluntness of President Trump's complaints on this topic has been shocking. But he is simply the most forceful in underscoring the long-standing US frustration with the uneven burden of financial and military responsibility that the transatlantic allies bring to their collective defence and security. From the European perspective, the priority should be to invest in modern, flexible forces and equipment, capable of military projection as well as defence; to ensure a proper balance between investments in equipment and manpower; and to bring an intelligent European approach to its investments, focusing also on Europe's capacity to react to hybrid threats, from cyberattacks to disinformation operations, and to hardening vulnerabilities in its critical infrastructure – especially its space assets.²⁰ Whoever is in power in the White House, the US will be a better ally to a stronger Europe, and a stronger Europe will result in a stronger transatlantic alliance.

Third, European governments need to avoid letting relations with third countries become long-term structural obstacles to future transatlantic unity. The biggest long-term challenge in this respect is over China.

Europe's economic dependence on the growing Chinese market far exceeds that of the US. The EU exports 11 percent of its goods to China, making China its second-biggest export market, while the US exports 7.2 percent of its goods to China, representing its third-biggest market.²¹ Europeans also have few if any direct security commitments in the Asia-Pacific region and do not, therefore, treat China's rise as a strategic security risk. Together, these two elements create an imbalance of interests that could do grave damage to the transatlantic relationship in the future.

European leaders appear to be increasingly aware of this risk. This is partly because European political and public attitudes to China are changing in response to the increasingly repressive steps that Xi Jinping's government has taken inside China, which include clamping down on internal

²⁰ Lewis, P. (2019), 'Create a Global Code of Conduct for Outer Space', *Chatham House Expert Comment*, 12 June 2019, <https://www.chathamhouse.org/expert/comment/create-global-code-conduct-outer-space>

²¹ Eurostat (2019), *China-EU - international trade in goods statistics*, March 2019, https://ec.europa.eu/eurostat/statistics-explained/index.php/China-EU_-_international_trade_in_goods_statistics; Office of the United States Trade Representative (2019), *The People's Republic of China*, <https://ustr.gov/countries-regions/china-mongolia-taiwan/peoples-republic-china>

dissent, rolling out an all-pervasive surveillance system, and trampling on the human rights of Uighurs in Xinjiang.²² But, notwithstanding the recent EU statement on China, calling it a “systemic rival” as well as “cooperation partner”,²³ Europeans remain divided over the best way to confront Chinese behaviour without becoming party to a new economic Cold War between the West and China. They need to use the coming months to develop more coherent EU-wide positions towards the Belt and Road Initiative; towards the abuses in Xinjiang; towards the disputed territories in the South China Sea; and, most immediately, towards the inclusion (or not) of Chinese companies in key areas of European technological infrastructure, such as the roll-out of 5G communications infrastructure.

Similarly, European governments must arrive at a more coherent long-term view of how best to manage relations with a Russia that will likely continue to operate under President Putin’s authoritarian and revanchist leadership. US and European attitudes to Russia will never be completely aligned. Russia’s position as a European neighbour has given rise to economic interdependencies, principally in the energy sector, alongside cultural and inter-personal linkages that will not be broken. But Europeans must accept that US-Russia relations are likely to remain highly contentious so long as President Putin is in office. A coherent transatlantic policy of deterring and engaging Russia could emerge, but only providing Europeans show they are capable of contributing credibly to the first part of that equation. Defence spending is only part of this formula. A more coherent pan-European approach to energy security and policy is another.

European policy must also reflect the awareness that there will be nothing to gain from ‘cross trading’ policy dossiers with Moscow. To give one example: if the Russian government can come to agreement with its counterpart in Kyiv on the political governance of the Donbass region, this may be a reason to ease Ukraine-specific sanctions on Russia, but it should not be a reason to propose Russia’s reintegration into the G7. The G7 is a grouping of democracies, not of autocracies and democracies. One G7 member would never consider perpetrating a nerve agent attack on the territory of another. For the same reason, decisions on EU enlargement should not become hostage to efforts to improve other aspects of EU-Russia relations.

Fourth, Europeans need to play a bigger role in supporting democracies around the world, whose international relations have been unmoored by the vagaries of the Trump administration, but which are likely to be important allies of the US and Europe in the future. Japan, South Korea, New Zealand and Australia, for example, will play a pivotal role in upholding western interests and values in the more competitive strategic world that is unfolding with China’s rise. Deepening bilateral and EU-wide relations with these countries will prepare the ground for a more cohesive and confident group of supporters of the rule of law in the future – a group whose voice will be essential in the UN Security Council, G20, OECD and other forums that will set the terms of international politics over the coming decades.

By the same token, European governments and the EU should do all they can to help avoid back-sliding away from the principles of accountable governance in other important democracies, such as Brazil, Mexico and Indonesia. To the extent that these countries continue to evolve as open democracies and markets, they will serve as an important frame of reference for other governments, including in New Delhi, which will oversee the world’s most populous state by 2030. Shorn of a wider community of functioning democracies, the transatlantic relationship will become more brittle in the future.

²² Devlin, K. and Huang, C. (2019), ‘Few Europeans confident in Xi as he seeks to extend Chinese economic influence in the region’, *Pew Research Center*, 22 March 2019, <https://www.pewresearch.org/fact-tank/2019/03/22/few-europeans-confident-in-xi-as-he-seeks-to-extend-chinese-economic-influence-in-the-region/>

²³ European Commission (2019), ‘Commission reviews relations with China, proposes 10 actions’, 12 March 2019, https://ec.europa.eu/commission/presscorner/detail/en/IP_19_1605

Fifth, deepening non-governmental linkages across the Atlantic will play an important role in sustaining a strong transatlantic relationship in 2030. At a time when Washington appears to be dominated by the pre-World War II instinct to prioritise its own parochial concerns, Europeans must find new ways to engage constructively with other US counterparts. There is no shortage of policy questions that appeal to the concerns of both American and European citizens, that are taken up by members of both their civil societies and that bind rather than separate their business communities. Sharing similar social challenges (ageing populations, over-burdened welfare programmes, high levels of immigration) and popular concerns (over climate change and the future of technology governance, for example), Europeans could take the lead in proposing new transatlantic forums in which legislators, civil society organisations, business leaders and academics can meet to share perspectives and discuss ways forward.

These groups could have a sectoral focus or cover a wide field of shared concerns. Regular dialogues between US and European businesses and civil society could debate and propose new transatlantic norms and standards on timely topics, such as reducing carbon emissions or building individual digital identities. In so doing, they could encourage legislatures and executive branches on both sides of the Atlantic to arrive at policy compromises despite the deeply polarised political environments.

Creating a regular Transatlantic Assembly, involving these multiple stakeholders, could be an innovate element of this dialogue.

Finally, the EU and its member states need to do all they can to enable the UK to be engaged after Brexit as an integral partner in a more autonomous and powerful Europe. The UK shares the same core values, interests and set of future risks as its continental European neighbours. It will be an integral contributor to European security in response, whether bilaterally, through NATO or in coordination with the EU. Being a non-EU member will complicate some aspects of Britain's and the EU's bilateral political and economic relations with third countries – not only in the field of commercial trade, but also over sanctions and digital regulation. Future US administrations may be tempted, like the Trump administration, to use the UK as a pressure point to try to force the EU to align its policy positions with those of the US.

The closer the habits and processes of UK cooperation with the EU, the stronger Europe will be as a whole and, as a result, the more cohesive the transatlantic relationship.

Conclusion

Whether President Trump is re-elected or not, what Europe does for itself over the next few years will be more important for the long-term strength of the US-European partnership than what the two sides try to do together. By investing in their unity, Europeans will be in a better place to focus on the transatlantic community's shared potential and priorities through to 2030.

The list of shared priorities is extensive. It includes sharing intelligence and responses to terrorism; deterring Russian interference in each side's domestic political systems and neighbourhoods; coordinating formal support programmes for the Sustainable Development Goals; using the combined market strength of North America and Europe to propose standards and rules for commerce and investment that China and others will want to join or engage with, as a basis for a more sustainable world economy; and reforming the WTO and Bretton Woods institutions so they support equitable and sustainable growth, while also being more inclusive in their membership and decision-making.

Each of these priorities are not only good for Europeans and Americans. The transatlantic community should not forget that its greatest strength lies in the alignment between its core values and those of increasingly informed and expectant citizens across the world.

This paper is the responsibility of its author(s) and does not necessarily reflect the views of any individual participant or organization.

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