



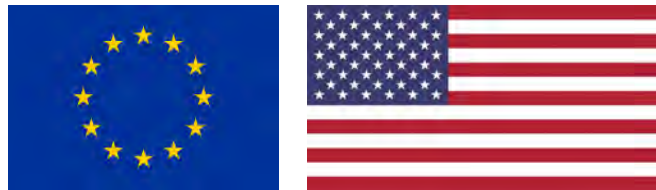
# TPN

TRANSATLANTIC POLICY NETWORK

**THE TPN PAPERS:  
TOWARDS TRANSATLANTIC PARTNERSHIP  
2030**

**INTERIM REPORT**

TPN WOULD LIKE TO EXPRESS WARM THANKS TO ALL PARTICIPANTS  
AS WELL AS TO THE US MISSION TO THE EUROPEAN UNION  
FOR THEIR GENEROUS CONTRIBUTIONS, SUPPORT AND INVOLVEMENT



SEPTEMBER 2020



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## FOREWORD

### **TOWARDS AN AMBITIOUS FRAMEWORK FOR TRANSATLANTIC PARTNERSHIP 2030**

Since its foundation nearly 30 years ago, TPN's mission has been to build transatlantic political, business and academic relationships that contribute to effective and successful collaboration and cooperation between the US and the EU. They have been bound by an alliance that has survived many tests and tensions over the past 70 years but which has contributed enormously to global security and economic growth and development.

The future of this partnership is more important than ever. We believe it needs a stable and lasting framework that will be the natural successor to the New Transatlantic Agenda (NTA) of 1995.

During 2021-2024, TPN will be working towards developing a vision for Transatlantic Partnership to 2030. This needs to be a broadly based set of collaborations inspired by liberal democratic values, dedicated to rebuilding transatlantic trust and defending the rule of law and multilateral institutions. Its scope must range from digital regulation and transformation (absent from the original 1995 Agenda) to trade and the economy, security and sustainability.

Despite the limitations imposed by the Covid 19 crisis, TPN has begun the task of bringing the 2030 vision into focus with the launch of these five "TPN Papers" which formed the basis of a series of roundtables, workshops and online conversations. During the next phase, TPN will contribute to discussions in the US and the EU on priorities, policies and direction of travel towards the goal of a renewed, resilient and relevant Transatlantic Partnership 2030.

*This interim report is intended to summarise the points made by the authors of our five reports, and of ideas raised and recommendations made during a series of informal discussions. It does not reflect the views of any individual participant or organization.*



## MOVING ON TO THE NEXT PHASE

This interim report closes the preparatory phase of the project and brings together ideas and recommendations from the TPN Papers for transforming the Transatlantic Partnership into a vehicle for defending our shared values and pursuing our common interests.

The next phase, the Substantive, will be about examining, testing and framing ideas for the Partnership to give it both content and objectives to be achieved by 2030. This will be launched at the next Transatlantic Week in July 2021 in Washington DC. At this occasion, TPN will present some thoughts about what a new Transatlantic framework could look like to stimulate debate over the years ahead.

Looking beyond current day-to-day events, the intention is to arrive at a vision for the Transatlantic relationship in 2030 and to develop a roadmap for getting there. We believe that the common interests of the TA partners are sufficiently strong and dynamic to push back against attempts to undermine traditional approaches to international cooperation by the pursuit of narrow, national objectives.

TPN returned to its original theme of looking strategically at the TA partnership in 2019. Bringing together relevant political, academic, civil society and business stakeholders on both sides of the Atlantic, TPN is exploring why the TA relationship matters, its value, and its relevance to both sides, and the world, as we move towards 2030.

From the outset, the importance of political leadership was recognised if anything was to change. At the launch of the project in July 2019 in Strasbourg, a declaration was published calling for the strengthening and renewing of the Transatlantic Agenda. This Declaration of Political Support has now been signed by around 50 legislators on both sides of the Atlantic.

‘It is vital that we strengthen the transatlantic relationship and renew its agenda because current trends on both sides of the Atlantic may jeopardise the achievements in which all of us believe to be the driver of our future.’ (see Annex 1)

In recent months, the Papers energised a series of online debates among TPN members that have moved forward our work on identifying and defining priority areas for joint action by the Partnership.

Two declarations - backing a Partnership fit for the Digital Age and one for a post-Covid economic recovery Partnership - can be found in Annexes 2 and 3 to the Interim Report. These declarations are looking ahead to 2030 and have already attracted support from legislators on

both sides of the Atlantic that is giving early encouragement and validation to TPN's strategic goals.

During this phase, many ideas have been put forward for future consideration. A list of key issues raised is attached in Annex 4. This list is divided into the different sections covered in the TPN Papers for ease of reference.





*“With our thoughts we change the world.” (Buddha)*

- ◆ **Restoring a Transatlantic Sense of Purpose.** Robin Niblett, Director Chatham House  
[ [HERE](#) ]
  
- ◆ **A New Transatlantic Partnership for the Digital Age.** Peter Linton, Senior Fellow, TPN  
[ [HERE](#) ]
  
- ◆ **A New Beginning for the Transatlantic Economic Partnership.** Bruce Stokes  
[ [HERE](#) ]
  
- ◆ **A Transatlantic Partnership for Sustainable Development?** Janez Potočnik, assisted by Julia Okatz  
[ [HERE](#) ]
  
- ◆ **The folly of not taking the Transatlantic Partnership seriously. The case against the case against the West.** Simon Serfaty, Zbigniew Brzezinski Chair (Emeritus) in Global Security Studies and Geopolitics at the Center for Strategic & International Studies (CSIS) in Washington, DC  
[ [HERE](#) ]



## EXECUTIVE SUMMARY WITH RECOMMENDATIONS

### Overview

*The TPN Papers make the case for a renewed Transatlantic Partnership that:*

- *Is dedicated to defending liberal democratic values, the rule of law and human rights;*
- *Looks well beyond trade for future economic cooperation;*
- *Encourages the economic and social transformations necessary to deliver sustainability and halt global warming;*
- *Exploits the opportunities of digital transformation and protects against its abuses and negative social and economic impacts;*
- *Creates new job opportunities in the era of AI and 5G;*
- *Builds protection and responses against military and cyber attacks.*



## CONTEXT

1. The transatlantic relationship is under severe strain. Doubts have been raised about the US commitment to NATO and European security which have prompted awareness in the EU member states of their weakening position in global affairs.
2. The US and the EU are pursuing contrasting visions of international relations: on the one hand, cooperation based on well-established functioning multilateral institutions and on the other competitive and quasi hostile rivalries and tensions with the EU, China and Russia.
3. The US and Europe's predominant influence in international affairs "will not necessarily persist far into the 21<sup>st</sup> century," because economic political, cultural and demographic



forces “threaten instability on both sides of the Atlantic that risk tearing apart the US-EU relationship.” (Niblett)

4. The transatlantic relationship is fundamentally important for the defence of liberal democratic values, open markets and multilateralism in its various aspects.
5. A stronger Europe must be a strategic aim to facilitate the region’s participation in the Transatlantic Partnership. European Commission and member states must keep strengthening multilateral economic integration.

### **Recommendations**

- 1) Raise public and political awareness of the fundamental importance of the relationship for the defence of liberal democratic values, open markets and multilateralism.
- 2) Americans and Europeans must aim to forge a united front built on sustaining NATO policies and relationships, regenerating the EU and defining a common US-EU vision of how to manage shared interests and values.
- 3) Broaden the scope of the transatlantic dialogue to include reacting to growing global competition and the trade and investment implications of global warming.
- 4) Strengthen the provisions for greater cooperation between the US Congress and the European Parliament. Create new forums encouraging legislators, civil society organizations, business leaders and academics to share perspectives and discuss ways forward.



6. Digital transformation is a “global shock” that is overturning many post-Cold War assumptions about power and international relations. A race for digital leadership is emerging that the EU wants to join but which is led by the US, China and other Asian competitors.

7. Relations between states are increasingly infected by growing distrust as technological capabilities are weaponised for intelligence gathering, dissemination of fake news and continuous evolution of military capabilities.
8. Given its potential political, technological and business size and power, only the transatlantic community can lead in designing and propagating global rules that would protect personal freedoms while maximising the opportunities for economic progress and improvements in personal welfare.
9. Failure to identify and create this framework of rules risks abandoning the global regulation field to China with all of the economic and technological advantages that could be put in its grasp.

### **Recommendations**

- 5) Establish a Digital Partnership and place it at the heart of the transatlantic relationship. Policies need to be interoperable and must involve coordination and cooperation on *inter alia*, data privacy and data sharing, combatting cybercrime and cyber warfare. The Partnership must also face up to the use and ethics of artificial intelligence, the implications of the digital age for the future of work and the advent of robotics and artificial intelligence.
- 6) Create a Digital Dialogue with business, labor and consumer representatives to make recommendations by 2021 on what the EU and the United States should do to face up to the challenges and opportunities posed by the emerging digital economy.
- 7) Establish a common view of how best to try to secure Beijing's acceptance of the need for international agreements on data transfer, ownership and privacy, and non-interference in third countries' domestic political processes.



### **ECONOMY AND TRADE**

10. The challenges are so broad that the EU and the US must aim for a more comprehensive compact than just a trade deal. There is a new political/populist environment for trade and investment issues whose defining playbook is opposition to globalisation and international economic integration.

11. Governments on both sides of the Atlantic have failed to come to grips individually, let alone collectively, with the myriad challenges that need to be overcome to fully maximize the economic potential of the transatlantic marketplace and the dawning digital economy. The fate of both the American and the European economy hangs in the balance.

### **Recommendations**

- 8) Set a target date for achieving a “barrier-free” Transatlantic Market for 2030.
- 9) Establish a bilateral working group in 2021 focused on the Transatlantic Economic Partnership 2030 comprised of European Commission and U.S. government officials—including regulators— as well as members of Congress and the European Parliament to assess the lessons learned from the Trans-Atlantic Trade and Investment Partnership (TTIP) negotiations, to sort out the implications for transatlantic commerce of the UK exit from the EU and make recommendations about how to proceed with transatlantic negotiations.



12. Closer cooperation and understanding between EU and NATO members is vital. There needs to be greater overlap between EU and NATO membership and closer cooperation and understanding on managing relations with China.
13. The partnership is crucial for the emergence of a rules-based international order over the next decade but it needs the EU to correct the relative weakness of its contribution. Stronger transatlantic defence cooperation is needed to reduce capability gaps and encourage more technology sharing and access to markets.
14. Living with Russia will require credible means of deterrence against an escalation of its interference, both military and cyber.
15. Given the collective economic and political weight of the US and its allies, this deterrence will be most credible if it is built on transatlantic cooperation in the military and other spheres. At the same time, European governments must arrive at a more coherent view of how best to manage relations with a Russia still operating under President Putin’s authoritarian and revanchist leadership.

16. US and EU competition with China is:
  - **Systemic:** between a centralised authoritarian political regime and liberal democracies attached to the values of rule of law, transparency and human rights, guaranteed as much as possible by multilateral international institutions.
  - **Geopolitical:** the US and China are competing for allies and alliances around the globe to support their conflicting approaches to trade, protectionism and sovereign rights;
  - **Geographical:** in sub-Saharan Africa, eastern Europe and the Balkans, China's Belt and Road initiative seeks competitive advantage and expansion of Chinese power and influence.
17. US and EU attitudes are coming into line to confront China's domestic protectionism and the predatory behaviour of some of its emerging multinationals.
18. China is trying to build support for a state-centric approach to global governance that plays down the importance of the contents of the Universal Declaration of Human Rights that are so important to the transatlantic community.
19. Heading towards 2030 requires the US and Europe to achieve much closer consultation and coordination in managing relations with China. Otherwise, China will undermine their capacity to ensure the primacy of liberal democratic values.

### **Recommendations**

- 10) Consider whether deeper transatlantic economic integration set in a broader security context could unlock new agreements with China.
- 11) Strengthen transatlantic defence cooperation to reduce capability gaps and encourage more technology sharing and access to markets,
- 12) Establish as a clear priority closer overlap between EU and NATO membership as a means of strengthening cooperation and understanding on managing relations with China.



## A TRANSATLANTIC PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT

20. Partnership between and leadership from the EU and the United States is arguably the essential ingredient for success in order to limit global average temperature rises of 1.5 degrees Celsius by 2030.
21. But there are real obstacles to radical change: financial institutions and private companies locked into short term perspectives; the dominance of profit making driven only by quantitative criteria, economic growth that is narrowly measured in GDP at a time when our societies are marked by poverty and inequalities.
22. It is essential to decouple the growth of human wellbeing and economy from the use of resources and from environmental pressures and impact.
23. Decoupling can be delivered by the “circular economy” which eliminates waste and is essential at the global level to achieve the UN’s Sustainable Development Goals.

### **Recommendations**

- 13) Partnership between, and leadership from the European Union and the United States is essential for fighting climate change and achieving sustainability requirements.
- 14) Abandon Gross Domestic Product (GDP) as an indicator of well-being and development. Adopt a redefined economic model that is consistent with the UN’s Sustainable Development Goals.
- 15) Establish the “circular economy” as the instrument for delivering decoupling at the global level to achieve the SDGs.



## OVERVIEW: TOWARDS A NEW TRANSATLANTIC PARTNERSHIP

The task facing Americans and Europeans is nothing less than forging “a united front in dealing with the future” (Stokes). Otherwise, they risk losing power and ultimately control to the “inexorable rise of China” and with it, ability to shape the global digital economy and to deal with the threats of climate change. Above all, Stokes and Linton agree, Brussels and Washington should stick to their ultimate goal: “a barrier-free transatlantic market by a date certain.”

Governments on both sides of the Atlantic have so far failed to come to grips individually, let alone collectively, with the myriad challenges that need to be overcome to fully maximize the economic potential of the transatlantic marketplace and the dawning digital economy. The fates of both the American and the European economy hangs in the balance.

How to frame the many key joint initiatives the US and the EU must drive forward if they are to defend their values and be decisive voices in shaping geopolitics in the coming decade?

The TPN Papers are very clear that a new Transatlantic Partnership is needed that must be the fulcrum around which the west defines itself – “somewhere beyond the persistent forecasts of the end point of both the American idea and the idea of Europe there is a Euro-Atlantic world restored...” (Serfaty).

Arguing that “digital transformation is the single most important driver of change across societies”, Peter Linton asserts that a future Transatlantic Partnership is needed to provide an “interoperable policy framework for the digital age.” But the question that has dogged the partnership for the last 25 years remains: how to consistently engage the political leadership with a new Partnership?

### *A tough agenda*

Our authors sketch out a tough agenda for the years up to 2030.

All are convinced of the fundamental importance of the transatlantic relationship for the defence of liberal democratic values, open markets and multilateralism in its various aspects. This is what it has stood for during the past 70 years – will it be good for another 70?

Liberal democracy in the west needs to be able to muster a variety of defences. Peter Linton stresses the need for common strategies that will radically alter the “foundations of our economic prosperity, social cohesion, collective security and governance.”

Bruce Stokes reminds us that, combined, the EU and the US occupy a \$30 trillion commercial space in what is “the most significant economic region in the world,” accounting for 35% of world GDP, in purchasing power terms. Annual trade between them in goods and services adds up to more than \$1,100 billion while their companies directly provide more than 9 million jobs. The relationship is, says Stokes, “the most innovative in the world.”

It is vital, he argues, for establishing common transatlantic technical standards that become prevailing global standards. Western values and regulatory principles – transparency, due process, accountability and the rule of law - must prevail in the resolution of trade and investment disputes and setting new rules of the road for the 21<sup>st</sup> century, “It is the assertion and strengthening of these norms of democratic capitalism that could prove to be the more enduring legacy of a deeper partnership,” he concludes.

Both Robin Niblett and Simon Serfaty wish that the political and security bonds were as robust and durable as the economic. The relationship has been put under severe strain, raising doubts about the US commitment and fidelity to the partnership and made EU member states more aware of their weakening position in global affairs.

In February 2020, the European Commission published its 5-year plan for the digital economy built around Digital and Data Strategies and Artificial Intelligence. The US and Europe’s predominant influence in international affairs “will not necessarily persist far into the 21<sup>st</sup> century,” warns Niblett because economic, political, cultural and demographic forces “threaten instability on both sides of the Atlantic that risk tearing apart the US-EU relationship.”

### *Western weakness*

Security has long been a primary purpose of the transatlantic community. The combined military budgets of its members are equivalent to 50% of the global total (Niblett) and they contribute 85% of total official development assistance.

Nonetheless, Niblett, Serfaty and Stokes are preoccupied by a daunting list of weaknesses that have to be addressed, including the strains of populist politics and social inequalities, political fragmentation and the stalled process of integration in the EU.

Niblett asserts that “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.”

No less sobering is Serfaty's judgment that "absent Britain and lacking a credible partner across the Atlantic, the EU is not just smaller and weaker; it is also geographically amputated, historically crippled and strategically astray."

Serfaty says the West is poorly equipped to meet geopolitical challenges, not least the need to avoid wars: with Russia, in the Middle East and with Iran. This overriding need defines what must be Europe's role, defined by Serfaty as "deconflictionary", meaning a "one step, one issue at a time to avoid dead ends and collisions ... that keeps the protagonists talking."

This role has to be built on sustaining NATO policies and relationships, regenerating the EU and defining a common US-EU vision of how to manage shared interests and values in this era of globalization.

Our authors agree that the most important challenges for the Partnership over the next decade are ***Climate Change***, coping with the radical social, economic transformations driven by ***digital technologies, security and defence*** and crucially, ***managing relations with China***.

Bruce Stokes warns: "Left unaddressed, the challenges posed by technological change, inequality, China and climate will spawn populist, inward-looking, protectionist and ultimately unsuccessful remedies that could slowly decouple the economic ties that have fuelled the transatlantic economy for generations."

Their strategic recommendations for confronting these challenges, as well as regenerating the EU, are examined in detail below.





## 1. DIGITAL TRANSFORMATION WITHIN A TRANSATLANTIC ECONOMIC PARTNERSHIP

It is now common place that this digital age is reshaping life on planet Earth as radically if not more so than any previous industrial revolution. The speed of invention, technological change and exploitation of the digital sciences is transforming every aspect of human existence. This is the “Knowing Society” says Linton.

It is also overturning many post-Cold War assumptions about power and relations between states. Digital transformation is this generation’s “global shock” with a horizontal impact felt across the full spectrum of common transatlantic interests.

Relations between states are increasingly infected by growing distrust as technological capabilities are weaponised for intelligence gathering, dissemination of fake news and continuous evolution of military capabilities.

Digital capabilities, research and innovation and access to big data are the modern currencies of power for countries, business and individuals.

A race for digital leadership is emerging, particularly involving the US, China and other Asian competitors. The EU acknowledges that it risks being left out of this race unless it embarks on radical fitness training.<sup>1</sup>

A Transatlantic Digital Partnership would be a vehicle for the US and EU to bring some order to a Hobbesian world. The essays by Linton and Stokes emphatically assert that there can be no 21<sup>st</sup> century partnership across the board without common or interoperable digital policies.

These authors would put the Digital Partnership at the heart of the Transatlantic Relationship. Its fields of operation would need to be coordination and cooperation on, *inter alia*, data privacy and data sharing, as well as the use and ethics of artificial intelligence and combating cybercrime and cyber warfare.

Applied to the transatlantic economy a Digital Partnership could be of enormous benefit to businesses. The environment in which they operate is already rapidly transforming and will continue to do so – think only of 5G, the internet of things, quantum computing, robots and artificial intelligence. But the digital economy requires “rules of the road” (Stokes) which, supported by sufficient political will, throw off new forms of job creation and drive enhanced competitiveness.

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<sup>1</sup> In February 2020, the European Commission published its 5-year plan for the digital economy built around Digital and Data Strategies and Artificial Intelligence

Given the potential economic and business size and heft of the Transatlantic Partnership, its rules of the road would *de facto* become a global framework. Failure to identify and create this framework risks abandoning the global regulation field to China with all of the economic and technological advantages that could be put in its grasp.

Linton poses two questions: how to create an over-arching political commitment strong enough to drive a Transatlantic Partnership agenda for the digital age, and what should be its initial priorities?

He recalls the importance of the 1995 New Transatlantic Agenda in setting an ambitious new course for the US-EU relationship (he also points out that it made only one brief reference to the emerging digital technologies). Linton and Stokes want a new political talisman for the relationship that incorporates an updated NTA and a new Transatlantic Economic Partnership by 2030 for both.

Much of the work identifying key issue areas has already been done by Linton and colleagues at the European Internet Foundation, They include:

- ◆ Defending democracy against digitally enabled “malevolent interests”;
- ◆ Enabling Artificial Intelligence to play a vital role in managing resources and confronting climate change while dealing with concerns over ethics and inbuilt biases;
- ◆ Data collection, access, ownership and exploitation as well as privacy and security;
- ◆ The future of work and digital challenges to social stability and education and training systems.



## 2. ROAD MAP TO A TRANSATLANTIC ECONOMIC PARTNERSHIP

Bruce Stokes argues that the transatlantic relationship has to acknowledge that the challenges facing it are so broad that something much more ambitious and comprehensive than just a trade deal is needed. Trade and investment issues are now enveloped in a new political/populist environment opposed to globalization and its association with international economic integration.

Populism can easily be found wanting in wrestling with the threats posed by rising international competitiveness of trade and investment, the implications of global warming, the rapid emergence of the digital age and the future of work. The rules of the multilateral trading system need reform while deeper transatlantic economic integration set in a broader security context could unlock a deal with China (Niblett).

Targeting a relaunched Transatlantic Partnership by 2030, Stokes and Linton outline in some detail very similar initiatives based on a network of new dialogues:

- Create a bilateral working group in 2021 comprised of European Commission and US officials, including regulators, to assess lessons learned from TTIP experience, sort out Brexit's implications for transatlantic commerce and recommend how to take forward the negotiating process.
- Engage members of the US Congress and European Parliament, especially relevant committee members in both, to take part in an assessment dialogue.
- Launch transatlantic Business, Labor, Consumer and Environmental dialogues to review the TTIP negotiations retrospectively and make recommendations for the future.
- Create a digital dialogue with business, labor and consumer representatives to recommend by 2021 how to tackle the key issues of the emerging digital economy i.e. privacy, AI and robotics.
- Organise a consortium of US and European think tanks to make joint recommendations by 2021 for dealing with the main challenges of accelerating change. They should especially focus on education, retraining needs and the social safety net.
- Two declarations – backing a Partnership fit for a Digital Age and one for a post-Covid economic recovery Partnership – can be found in Annex 2.



### 3. EUROPE AND THE TRANSATLANTIC SECURITY PARTNERSHIP

Shared values have long provided the cement of the transatlantic relationship and its motive force. For Niblett a primary purpose must continue to be the defence of liberal democracy and open markets. Serfaty believes the partnership is vital for the emergence of a rules-based international order over the next decade.

Both authors are anxious about the relative weakness of the European contribution to the partnership's geopolitical capabilities. Serfaty says that to be a "capable partner" Europe needs more capacities consistent with global responsibilities and interests. He wants to see some greater overlap between EU and NATO membership and closer cooperation and understanding between the two organisations.

Divisions are putting the transatlantic partnership in jeopardy, he says, adding "that the US is not doing well should not be an alibi for the states of Europe to do less." Stronger transatlantic defence cooperation is needed to reduce capability gaps and encourage more technology sharing and access to markets, says Serfaty,

Linked with his view that "what Europe does for itself over the next few years will be more important for the long term strength of the US-European relationship than what the two sides try to do together," Niblett identifies eight priorities for strengthening the European pillar of the partnership:

1. The European Commission and EU member states must keep targeting multilateral economic integration through modern trade agreements;
2. Sustain increases in defence spending on modern flexible forces and equipment;
3. China and other third countries must not be allowed to be obstacles to transatlantic unity;
4. Develop a coherent view on how best to manage relations with Russia;
5. Avoid cross-trading policy dossiers with Moscow;
6. Play a bigger role in supporting democracies around the world – Japan, South Korea, New Zealand and Australia will be pivotal in upholding western interests;
7. Deepen non-governmental transatlantic linkages possibly by creating a regular Transatlantic Assembly grouping legislators, civil society business leaders and academics;

8. Ensure that UK is engaged as an integral partner in a more autonomous and powerful Europe.

### **Russia**

Niblett does not think that US and European attitudes to Russia will ever be completely aligned – partly because many European countries are in one way or another economically dependent on Russia. “Similarly, European governments must arrive at a more coherent view of how best to manage relations with a Russia that continues to operate under President Putin’s authoritarian and revanchist leadership.”

Serfaty is rather relaxed about Russia whose future he asserts is with the West. This will come naturally “after it runs out of security, people, resources and even security space.” In the meantime, his advice is “don’t indulge Putin and don’t provoke him.”

He is much more focussed on Asia (“a plausible theatre of a new century of total wars”) and the Middle East as volatile threats to peace. He laments fading US credibility, Europe’s lack of power and the West’s loss of influence.

### **China**

Managing conflict and competition and at the same time structuring cooperation with China has to be close to the top, or at the top of the west’s priorities. There are at least three elements to current competition:

**Systemic:** between a centralized, authoritarian political regime and liberal democracies attached to the values of rule of law, transparency and human rights, guaranteed as much as possible by multilateral international institutions. China challenges Western values at the core of our economic system: the rule of law, transparency, due process and the role of the state in the economy. (Stokes)

**Geopolitical:** the US and China are competing for allies and alliances around the globe to support their conflicting approaches to trade, protectionism and sovereign rights;

**Geographical:** sub-Saharan Africa is becoming a key theatre of rivalry. It is the region where China’s Belt and Road initiative seeks competitive advantage and the expansion of Chinese power and influence (Stokes).

President Trump has led the west’s campaign against Chinese protectionism and appropriation of intellectual property. More than a decade of effort to make headway in World Trade Organisation negotiations has failed to secure significant changes in Chinese policies that require forced technology transfers from inward investors and provide heavy protection for its key industries, Europeans are becoming more sympathetic to the Trump approach. Though initially disapproving of the Administration’s use of trade sanctions against China, Niblett sees some

change in European attitudes because of Beijing's intransigence and its "predatory multinationals". But European allies have not much appreciated the pressure exerted on them to avoid using Huawei equipment in their 5G plans.

Heading towards 2030 requires the US and the EU to achieve much closer consultation and coordination in managing relations with China. This in turn requires them to work on a common view of how best to try to maneuver Beijing into accepting the need for international "rules of the road" on data transfer, ownership and privacy, and non-interference in third countries' domestic political processes.

Serfaty disputes none of this. But he is more cautious about the assumptions made in the US and Europe about the extent and future of China's power. Its average annual growth rate in recent years appears to have been exaggerated and also its military and technological catch up with the US, he says.

Also important, as a constraint on its power is the developing concern among its neighbours about the use and extension of that power. One consequence, says Serfaty, has been to drive Japan closer to the US. Patience with Beijing has been running out once the conviction evaporated that China would evolve into a western-type democracy. In Europe, attitudes have definitely hardened against the Xi Ping's regime's crackdown on internal dissent.

Nevertheless, China's rise as an economic and military superpower is "nearly certain" says Serfaty and the US' relations with it will be "tumultuous" in the years to come.

Meanwhile, China has become a larger exporter than either the US or the EU, accounting for roughly 17% of world exports. Neither America nor Europe is likely to reclaim that top spot on their own. But together the transatlantic market, comprising both the EU and the U.S., is still a far larger force in global trade. It will remain so only if it operates as a unified player in world commerce.

Serfaty's expectation of "tumultuous relations" with China for years to come will be handled best "if the United States and Europe cooperate rather than compete...."



#### 4. A TRANSATLANTIC PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT

Given the enormous gulf between the US and the EU in their approaches to tackling climate change, it is hardly surprising that Janez Potocnik, the former European Commission for R&D, has to acknowledge present realities and avoid elaborating a detailed agenda for common action.

But he is in no doubt about the need for such an agenda by 2030. His paper is an appeal for urgent world wide collective action that stresses that “we have just twelve years to halve CO<sub>2</sub> emissions, in order to limit global average temperature rises to 1,5 degrees Celsius.” Against this background “the partnership between, and leadership from, the European Union and the United States, will go a very long way to determining our success, Indeed, it could be argued that it is the essential ingredient.”

Collective action at the global level is, in fact, moving forward with US participation. Individual states and cities are actively pursuing the United Nations 17 Sustainable Development Goals (SDG) for 2030, and they are reporting on their progress, unlike the Federal Government which is not.

Signed in 2015 by 193 countries the SDGs recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality and spur economic growth – all the while tackling climate change and working to preserve our oceans and forests.

Potocnik subscribes to the view that the world’s current economic model, although it has provided remarkable economic development for some people, is also responsible for a distribution of wealth that is unjust, inequalities in health and well-being and environmental and climatic pressures on parts of the world least equipped to deal with them.

He advocates “a new compass to guide our response” that will abandon Gross Domestic Product (GDP) as an indicator of well being and development, Instead he urges a redefined economic model that is consistent with the SDGs. Not all growth is “good growth” and GDP growth, he argues, has been achieved by depleting natural capital.

A “strengthened and renewed partnership” between the EU and the US could provide the essential leadership and momentum to achieve the necessary change in the economic model.

This requires the transatlantic partners “to fix the compass” by switching the focus firmly to use of natural resources. He points out that delivery of 12 of the 17 SDGs is directly linked to natural

resources. The growth of material productivity, which measures efficiency in the use of resources, has stagnated in recent years because of switches of production from Japan, Europe or the US to countries that are less resource efficient – such as Indonesia, China and India.

Nevertheless, it will not be resource shortages that will impose limits on economic development, but the economic and health consequences of their irresponsible use,

“It is, therefore, essential to decouple the growth of human wellbeing and economy from the use of resources and from environmental pressures and impact.” Decoupling “is the essential ingredient for reorganising economic activity into a more sustainable model.” The instrument to deliver decoupling is the “circular economy” which eliminates waste and the continual use of resources and is essential at the global level to achieve the SDGs.

Unfortunately, understanding of the urgency and inevitability of change is lacking among political decision-makers, says Potocnik. A “political economic mindset shift” is needed which recognizes the enormous opportunities presented by the circular economy,

Potocnik has no illusions about the obstacles to radical change, itemizing the short term focus and logic of financial institutions and private companies, quantity driven profits, and growth measured in GDP coupled with existing poverty and inequalities in our societies.

“Social unrest is growing even in high-income countries and it is high time to hear the echo of the street and the voice of a frustrated younger generation, “ he concludes.

**John Wyles**

**August 24, 2020**





## ANNEX 1 - DECLARATION OF POLITICAL SUPPORT

### **Strengthening and renewing the transatlantic agenda**

A declaration of support signed by Members of the European Parliament  
and the United States Congress

For the latest list of signatories, please visit [www.tponline.org](http://www.tponline.org)

**The transatlantic partnership is at risk. And yet, for all our differences, the vital significance of the transatlantic relationship is not in question: the United States and the European Union remain each other's most significant economic and security partners, as well as the world's most credible axis of democratic stability.**

The links between the US and EU economies drive Foreign Direct Investment, trade in goods and services, mutual R&D investment, flows of technology and sales of knowledge intensive services to the direct and lasting benefits of all our workers, consumers, citizens, and companies. Around the world, our consistent, common values (shared by the six NATO countries that are not EU members) with respect to democracy, the rule of law, respect for human rights and the climate underpin their collective vision for a global order that benefits all their citizens, and those of other nations, that participate in a rules based multilateral trading system.

It is vital that we strengthen the transatlantic relationship and renew its agenda because current trends on both sides of the Atlantic may jeopardize the achievements in which all of us believe to be the vital driver of our future. Europe matters to America, and America to Europe, because common goals, compatible values, overlapping interests, and complementary capabilities, make each the other's partner of choice.

This is not just a moment of reflection, however—this is a time for action. In a moment impregnated with a certain air of destiny, what is most needed is the will for a partnership nurtured by the extraordinary achievements that lie behind but reinforced by the compelling challenges and opportunities that are ahead, not least the rise of China, which is on its way to become the world's largest economic power by 2030.

Accordingly, we must work together for a renewed agenda that enables collaboration in areas of security (including cyber) and defense (including additional spending), digital transformation (ranging from the future of work to the implications for our democracy), and free and fair rules for trade and investment, shared research and innovation, and action on climate change and sustainable development.

More must be done by us all, on both sides of the Atlantic, to explain the historic achievements of complementary policies that permitted the creation of an ever-larger zone of peace, affluence, and stability in Europe and across the Atlantic. And more must also be done to explain the gains from, and current needs for, the visionary policies that produced and can reinforce such an outcome.

We must clearly identify jointly actionable objectives, for the short term, as well as the medium to long term, to ensure that our relationship is fit for the next decade and beyond, and which commands the support and engagement of decision-makers and citizens alike.

We need to be clear, too, about where our shared interest in working together faces disagreements that must be overcome with processes of consultation that build the consensus needed before decisions are reached and implemented.

We therefore support, and will contribute to, the initiatives taken by the Transatlantic Policy Network to bring together legislators, business, academic, and civil society stakeholders to renew the transatlantic agenda and strengthen the ties and bonds between the United States and the European Union



## ANNEX 2 - ECONOMIC DECLARATION

**We the undersigned are determined to provide the political leadership necessary to advance the Transatlantic Economic Partnership.**

The transatlantic economy faces immediate challenges posed by the business shutdowns necessitated by the Covid-19 pandemic and the subsequent shared recession and long-term challenges inherent in the coming transformation to a green, digital economy and growing competition from China.

Recovery will require a more resilient growth model built on a coordinated transatlantic effort to boost jobs, growth and international commerce in a more sustainable, inclusive and multilateral fashion. The sustained prosperity of Europe and the United States will require deep cooperation in building a climate-friendly transatlantic business model, a shared digital economy and both business practices and supportive public policies that can successfully compete with China.

The future of Western liberal democracy is at ultimately stake. If transatlantic governments and American and European businesses do not rise to these challenges, our people will lose faith in their democratic and market-based institutions and our democratic form of governance. We need common strategies and policies to transform the very foundations of our economic prosperity, social cohesion and governance to create a fit-for-purpose transatlantic economy.

Among the many urgent issues ripe for future Transatlantic Economic Partnership, three stand out: 1) Post-Covid-19 economic recovery; 2) Digital and Green transformation; 3) Revitalization of the World Trade Organization.

### **The Next Steps**

The United States and European governments should commit to sustaining their respective efforts to achieve a durable recovery of both jobs and economic growth, avoiding a premature withdrawal of economic stimulus and ensuring cooperative and coordinated exit strategies.

The United States and its European partners should seize the opportunity created by the pandemic recession to focus investments on building a more sustainable, socially and economically-inclusive transatlantic economy. And they should redouble their efforts to create a deeply-integrated, transatlantic digital economy.

The United States and Europe should work together to reform the World Trade Organization, recommitting themselves to the WTO as a venue for negotiation of trade liberalization, while addressing the shortcomings of the WTO's dispute settlement mechanism.

**By signing this Declaration, we are calling on our respective competent authorities to initiate without delay a process, open to all stakeholders, to strengthen the ability of the United States and the European Union to create a solid foundation for a Transatlantic Economic Partnership by 2030.**



## ANNEX 3 - DIGITAL DECLARATION

**We the undersigned are determined to provide the political leadership necessary to render our Transatlantic Partnership fit for the Digital Age.**

Digital transformation on both sides of the Atlantic and around the world has become the single most powerful underlying driver of change across our societies and economies. No Community, no sector, no sphere of human endeavour is immune, and there is no opting out.

Indeed, it is no exaggeration to affirm that the future of our “western” democracies – and therefore our Transatlantic Partnership – now depends on common strategies and policies to transform the very foundations of our economic prosperity, social cohesion, collective security and governance through the pervasive uptake of digital tools and technologies.

Among the many urgent issues ripe for future Transatlantic Partnership, three stand out: 1) Strengthening Democracy; 2) Emerging technologies, notably 5G and Artificial Intelligence; 3) Ensuring competition and privacy in a data-driven world.

### **The Next Step**

Given the pervasive and inter-connected nature of today’s and tomorrow’s digitally-driven policy issues and opportunities, we believe that the United States and the European Union need urgently to prioritise their joint action on Digital Transformation through cooperation on a broad digital agenda in the years’ ahead.

This should be done by creating a digitally-driven issues framework which can link to the current existing basis for US/EU Cooperation called the New Transatlantic Agenda ( NTA ), signed in 1995. While this txt sets out common goals, institutional linkages and a joint EU/US Action Plan, regrettably its’ only reference to what would become our shared digital future is one pro-forma sentence.

**By signing this declaration, we are calling on our respective competent authorities to initiate without delay a process, open to all stakeholders, to strengthen the ability of the United States and the European Union to create a solid foundation for a Transatlantic Partnership fit for the Digital age.**



## ANNEX 4 - KEY ISSUES TO BE COVERED DURING 2021-2024

Discussions between TPN Members over the past 9 months on the TPN Papers, both face to face as well as online, have produced a rich harvest of ideas and thoughts for inclusion in the Network's programming over the next few years. They indicate members' convictions that a renewed Transatlantic Partnership must be built on a very broad base of collaborations, shared goals and shared values. They more than validate the call for a stable and lasting framework to be the natural successor to the New Transatlantic Agenda of 1995 on which TPN will be contributing ideas

One particularly very important issue defies classification: Brexit and its consequences for the three-sided US-EU-UK relationship. The story is still unfolding. However, a three-sided collaboration will no doubt present both positive and negative challenges and opportunities for a renewed Transatlantic Partnership.

Here below are listed key issues to be covered during 2021 – 2024:

### *Economic and Business*

- Shaping a joint EU/US jobs and growth agenda. Identify common key areas where EU and US joint approaches can drive global solutions.
- Develop momentum to find common ground for the EU and the US to drive WTO reform, essential for the preservation of the multilateral trading system.
- Post crisis supply chain issues – access to materials and barriers to moving necessary goods, rebuilding a streamlined, more efficient and secure technological approach to moving goods.
- Competition policies and leveraging Post-Crisis economic recovery and stimulus packages to promote access to resource efficient technologies.

### *Digital*

- Regulatory issues including commercial exploitation of data and taxation of digital giants.
- Digital trade policy, health and safety, privacy.
- TA cooperation on AI and 5G
- Cyber security
- Tech Sovereignty
- Narrowing technical and social inequalities and capabilities to develop skilled workforces.

### *Sustainability*

- Encourage green growth, prioritise carbon projects, promote waste management, set standards that encourage countries to leverage US and EU technology and rebuild smarter economies.
- Promote an Environmental Goods Agreement, promoting sustainable, resource efficient priorities in the WTO.

### *Political*

- Restore faith and participation in multilateral institutions by reforming and revitalizing – UN, WTO, WHO etc.
- Bring the US states and EU Member states into the TA relationship.
- Encourage and foster the building of bridges, cultural and otherwise, between the US and the EU.
- Develop a common strategy to deal with the rising power of China.

### *Security*

- Need to identify both physical and digital threats and the resources needed to deal with them.
- Impact of Covid 19 on the technological challenges to security – especially cyber – and how to respond to them.
- How should NATO's security be strengthened and resources needs be met ?
- What relationship with Russia in the 2020s?

