

N O V E

THE EU-US SUMMIT: A NEW TRANSATLANTIC PUSH FOR 'GLOBAL CHANGE'

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INTRODUCTION

On 15 June 2021, Commission **President Ursula von der Leyen** and Council **President Charles Michel** met with US **President Joe Biden** for the **EU-US summit** in Brussels. The summit formed part of Joe Biden's first transatlantic visit since being elected President, which also included attendance at the G7 Summit in Cornwall, the NATO Summit in Brussels, and bilateral meetings with both UK Prime Minister Boris Johnson and Russian President Vladimir Putin. The tour provided **the platform for President Joe Biden to (un)officially announce the re-entry of the United States on the international diplomatic stage**, after a hiatus under the previous Trump Presidency.

The EU-US rapprochement has been driven by developments on both sides of the Atlantic, most obviously with **the election of Biden**, but also as a result of the **EU's joint communication on 'A New EU-US Agenda for Global Change'**, published by the European Commission and the European External Action Service (EEAS) on 2 December 2020.

What is the political weight behind this new transatlantic push, and how serious are the efforts to build a united bloc against China? In this note, we highlight the main messages passed following the summit – which centred on trade and technology, and environment – while assessing the summit in a more broad geopolitical context. We also present early reactions from stakeholders.

OUTCOMES

Following the 15 June Summit, the partners released a [joint statement 'Towards a renewed Transatlantic partnership'](#), covering the following areas:

- (i) Fighting the **COVID-19 pandemic** and driving forward a sustainable global recovery;
- (ii) Protecting the planet and **fostering green growth**;
- (iii) Strengthening **trade investment and technological cooperation**, and;
- (iv) Building a more **democratic, peaceful, secure world**.

Under these headings there are a number of key highlights. The flagship initiative of the Summit was presented under the **trade and technological cooperation** pillar with the launch of the **EU-US Trade and Technology Council**. A key element of this was the declaration that there would be renewed negotiations on a **transatlantic data transfer agreement**. This was also accompanied by the **suspension of tariffs** in the Boeing-Airbus dispute.

On **climate and the environment**, the parties launched an **EU-US High-Level Action Group** to work on climate diplomacy in preparation for the COP26. They also committed to working towards a **Green Technology Alliance**, and to continue discussions on **global pricing of CO2**.

Regarding **international cooperation**, the allies outlined their strategy when it comes to **China** and **Russia**, and their reactions to recent international developments.

The Joint Statement signifies a **renewed transatlantic cooperation for the next four years**. It is clear from the statement that, since Joe Biden's election, both sides have worked hard to bridge the gap on

divergences when it comes to bilateral **trade and technology**, as evidenced by the significant progress made on the suspension of tariffs. However, commitments are less explicit in the field of climate change, with discussions on issues such as **standards for green investments** and **carbon pricing** left unfinished. Nevertheless, given the context of a world post-COVID and post-Trump, the **joint statement** and new '**Agenda for Global Change**' illustrates a **revival and new hope for transatlantic cooperation**.

Below, you will find further analysis of the outcomes of the Summit, focusing on 1) Trade and technology, 2) Climate action, and 3) International cooperation.

TRADE AND TECH

On **trade**, the joint statement illustrates a strong focus on a **rules-based approach** to nurture transatlantic trade and to safeguard the strategic autonomy of the two blocs, with particular focus on protecting business from 'unfair trading practices' by 'non-market economies' such as **China**.

On technology, the joint alignment against China is more evident, highlighted by the parties agreeing to promote new technologies based on 'shared democratic values, including the respect for human rights'. The insistence on a democratic system of digital governance that appeals to the protection of both privacy and human rights is particularly aimed at China.

The EU-US Trade Technology Council (TTC)

The summit served as the stage for the launch of the [EU-US Trade and Technology Council \(TTC\)](#), which will act as new transatlantic platform to collaborate on shaping the digital transformation and will aim to promote '**a democratic model of digital governance**'. The TTC will be a **political level forum** and will meet periodically, co-chaired, on the **European side** by Executive Vice Presidents **Vestager** and **Dombrovskis**, and by US Secretary of State, **Anthony Blinken**, US Secretary of Commerce, **Gina Raimondo**, and US Trade Representative, **Katherine Tai**, on the **US side**. This clearly testifies to the high political priority being given to the TTC on both sides of the Atlantic. It remains to be seen whether political will translates into concrete action and results.

In addition to nurturing increased bilateral trade and investment, the [TTC aims](#) to:

- **Avoid new technical barriers** to trade;
- Cooperate on key policies on **technology, digital issues** and **supply chains**;
- Support **collaborative research**;
- Cooperate on the development of **compatible and international standards**;
- Facilitate cooperation on **regulatory policy and enforcement**, and;
- Promote **innovation** and **leadership** by EU and American firms.

The TTC will include **ten Working Groups**:

1. Technology Standards Cooperation (including AI, Internet of Things, among other emerging technologies);
2. Climate and Clean Tech;
3. Secure Supply Chains;
4. ICTS Security and Competitiveness;
5. Data Governance and Technology Platforms;
6. Misuse of Technology Threatening Security & Human Rights;
7. Export Controls Cooperation;
8. Investment Screening Cooperation;
9. Promoting SME Access to and Use of Digital Technologies, and;
10. Global Trade Challenges,

It is worth noting that the joint statement specifically highlights the **EU-US cooperation on realigning global supply chains on semiconductors**, which is seen as a pivot away from the Pacific Rim and towards the Atlantic. Semiconductors have been an issue for both the US and EU with ongoing **shortages** leaving [car manufacturers](#) in Germany to halt production due to the lack of supply.

Internal Market Commissioner Thierry Breton has pointed to semiconductors as one of his key priorities with a proposed [Semiconductor Industrial Alliance](#) to be announced later this month. American producers can take some encouragement that the Summit may signal that US firms will be free to participate in the alliance.

The parties also aim to establish a **EU-US Joint Technology Competition Policy Dialogue** to accompany the TTC, but no further details have been provided regarding its remit.

Data Transfer Agreement

Both sides agree to **start negotiations on a new transatlantic data transfer agreement**. The joint statement puts **emphasis on privacy protection** citing commitment from the parties to “ensure safe, secure, and trusted cross-border data flows that protect consumers and enhance privacy protections, while enabling Transatlantic commerce”. The attention on protection of consumers information is evidence of [last year’s judgment](#) by the European Court of Justice which ruled the **EU-US privacy shield invalid**, judging that the transfer of data did not sufficiently protect EU citizens from US national security agencies. In light of this, the two partners agreed to intensify negotiations following a [meeting](#) between Commissioner Didier Reynders and US Secretary of Commerce Gina Raimondo in March this year, and again as part of the Summit.

However, the short mentions in the joint communication may illustrate that the **interest for a new cross border data deal might not be equally as strong on both sides**. Speaking at an event on 31 May, Commissioner Jourova [insisted](#) that the US must pass legislation to limit how its national security agencies access Europeans’ data before a new transatlantic deal can be brought to the table. The Annex of the draft joint statement sent to the White House for reply provided a list of concrete examples of EU-US cooperation, and **left out any mention of a potential data agreement**. It is worth noting that in the final version of the joint statement there is no annex providing concrete examples of cooperation at all, unlike the [EU-Canada joint statement](#) released the same day.

Suspension of Tariffs

After one of the longest running trade wars in WTO history, the EU and US came to an agreement to temporarily [suspend trade tariffs on the Boeing-Airbus dispute](#). The agreement takes the form of a **five-year suspension** of the tariffs that have accrued, as well as a **ministerial level working group** to discuss subsidy limits and iron out any issues. This is a not-insignificant outcome, given that the tit-for-tat trade war had escalated during the tenure of President Donald Trump, with the US leader imposing \$7 billion worth of tariffs on EU products, which led to a [retaliation](#) from the bloc worth more than \$3 billion.

The decision to suspend the tariffs may have been influenced by **China’s ambitions to become an aviation powerhouse**. In this light, the White House has [outlined](#) that the EU and US aim to confront China’s threat by cooperating “**on countering investments by non-market actors**” and “outward investments into China that are influenced **by non-market forces**”. Even without the motivation of China stepping up on this, the halt to tariffs was likely driven by the need to help an industry which has been **largely crippled by the COVID-19 pandemic**, and which could ill-afford the effects of prolonged punitive tariffs.

This being said, is worth noting that **not all Trump-era tariffs were eliminated**. Leaders could not find agreement on **steel and aluminium tariffs** introduced under the [US Section 232](#) justifying import restrictions on products that threaten national security. Instead, the parties have agreed to establish a **working group to try resolve the issue by the end of the year**. However, resolution may not be so simple, as both parties are under pressure from industry wanting to keep certain protectionist measures, including the Commission’s upcoming proposal for a Carbon Border Adjustment Mechanism (CBAM) alongside increased focus on the EU’s ‘strategic autonomy’ in key sectors. President Biden is also cautious not to alienate US steelworkers (and their Unions).

Key actions:

- Launch of the **EU-US Trade and Technology Council**
- Restarting negotiations on a **new transatlantic data transfer agreement**
- Boeing-Airbus **tariffs suspended** for five years
- Agreement to cooperation on a **multinational corporation tax**
- Implement new agreement between the **EU Joint Research Centre** and the **US National Institute of Standards and Technologies**
- Agreement to cooperate on efforts to achieve a **meaningful reform of the World Trade Organization (WTO)**

CLIMATE ACTION

Unlike the heading on trade and technology, the joint statement on **fostering a green planet** contains far **fewer and less concrete commitments**.

High-Level Climate Action Group

Following the US re-joining the Paris Agreement after a three-year interruption, the two sides have now committed to establish a **EU-US High-Level Climate Action Group** as an effective platform to make up for lost time. Both parties confirmed their intention to **becoming net zero** economies no later than 2050, as well as implementing their respective enhanced **2030 targets / Nationally Determined Contributions (NDCs)**. Ursula von der Leyen noted in her [speech](#) after the summit that the main focus of the two parties is on **joint climate diplomacy ahead of the COP26 in Glasgow** in November, and to achieve “common goals” – including the **end of international investments in unabated coal** and an acceleration away “from unabated coal capacity and to an overwhelmingly decarbonised power system in the 2030s”.

Carbon Pricing

Although diverging greatly on the means to **address the risk of carbon leakage**, both parties acknowledge that close coordination is needed. The US Administration was not happy when, in June, a leaked draft version of the Commission’s upcoming Carbon Border Adjustment Mechanism (CBAM) included proposed **levies on imports of steel, aluminium, cement, fertilizer and electricity**. The White House seems less keen on the European solution, preferring their [Clean Energy Standard](#). Apparently, it did not help much that von der Leyen ‘explained the logic’ of the system – the Americans are [not fans](#).

Green Investments

The joint statement contains very weak language on green finance, outlining that the allies aim to **“cooperate on sustainable finance, including by providing the private sector with usable tools and metrics”**. The [EU’s Taxonomy](#), and the accompanied ambition to be a **global standard setter**, seems to be at odds with the US’s more “hands off” strategy. The May 2021 [White House Executive Order](#) on assessing climate change’s risk to the financial system provides no attempt at defining ‘sustainable investments’.

Transatlantic Green Technology Alliance

Further, the two partners intend to work towards a ‘**Transatlantic Green Technology Alliance**’ that will “foster cooperation on the development and deployment of green technologies, as well as promote markets to scale such technologies”. Light on any other details, Ursula von der Leyen [said](#) the platform will allow discussion on **how to enable breakthrough technologies**. No specific technologies were mentioned in the joint statement nor in the following statements to the press.

Key actions:

- Establishing an **EU-US High-Level Climate Action Group**
- Announcement of a future **Transatlantic Green Technology Alliance**
- Pledge of USD **100 billion per year climate finance** goal through to 2025
- Commitment to conserving or **protecting at least 30 percent of the global land and 30 percent of the global oceans** by 2030.
- Support the **designation of new marine protected areas** in the Southern Ocean

INTERNATIONAL COOPERATION

The joint statement shows that the US and EU are taking up the mantle to drive for a renewed international cooperation that aims to project a united front in an **increasingly multipolar geopolitical landscape**. This front will predictably be based upon the historic values that unite the two powers. This is manifest in a **renewed military arrangement**, their critiques of both China and Russia, and their warnings against autocratic slides in the EU neighbourhood (Belarus) and beyond (Africa and South America).

On Values:

- Both parties will aim to **empower women and girls by** working together through multilateral institutions including the **UN Human Rights Council**.
- They underline their **rejection of authoritarianism** in all its forms around the globe and intend to enhance cooperation on the **use of sanctions** to pursue shared foreign policy and security objectives.
- The allies attribute importance for their support of **democracy** across the globe and the intention to partner at the [Summit for Democracy](#).

On Security and Defence:

- The leaders welcomed the EU's invitation to the US to join the [PESCO Military Mobility project](#) as an important step towards a closer EU-US partnership in security and defence. The leaders committed to working towards an **Administrative Arrangement** for the US with the European Defence Agency, and agreed to work together to raise the level of NATO-EU ambition to further strengthen this mutually reinforcing key strategic partnership.

On China:

- Both sides agree to **closely consult and cooperate when it comes to China**, as current approaches include elements of cooperation, competition, and systemic rivalry.
- The ongoing **human rights violations** in Xinjiang and Tibet were highlighted, as well as the erosion of autonomy and democratic processes in **Hong Kong**, and economic coercion and disinformation as well as concern for the situation in the **South China Sea**.
 - On the latter they signal their support for **respecting international law, maritime delimitations and sovereignty**.
 - They also underscored the importance of peace across the **Taiwan Straits**.
- To this end, the parties intend to coordinate their engagement with China **“on issues such as climate change and non-proliferation, and on certain regional issues”**.
- The paragraph on China interestingly contains zero mention of technology nor trade.

On Russia:

- The two allies highlighted their stance against Russia's **“repeating pattern of negative behaviour and harmful activities”** and intend to form an **EU-US High-Level dialogue** on Russia to coordinate their response.

- In particular, the parties condemn Russian actions in **Ukraine and Georgia** and urge Russia to stop domestic persecution of **journalists** and **politicians**.

On European Neighbours:

- The leaders stand with the people of **Belarus** against the Lukashenko regime and **condemn the forced deviation of an EU passenger plane** under false pretences.
- They intend to further enhance cooperation in the **Western Balkans**, supporting reforms for European integration.
- They welcome the ceasefire in the Middle East and highlight their support for a **two-State solution in Israel and Palestine**.
- They also call on the **UN Security Council** to ensure that humanitarian aid can reach all people in need in **Syria** and condemn the Assad regime.

Other International Developments:

- Both sides affirmed their support for peace and sustainable development in **Africa**, in particular in **Ethiopia, Somalia, and the Sahel countries**.
- In the Indo-Pacific, the partners intend to ensure to promote a swift return to **democracy** in **Myanmar**.
- In **Latin America** and the **Caribbean** they support the socio-economic recovery and urge **free elections** in **Venezuela**.
- **Iran**: The leaders emphasised their support for the ongoing diplomatic efforts and negotiations in Vienna aimed at facilitating the return of the US to the **Joint Comprehensive Plan of Action (JCPOA)**.

EU Institutional stakeholders

- **The Socialists and Democrats (S&D) in the European Parliament** [welcomed](#) the outcome of the Airbus-Boeing Dispute.
 - **MEP Bernd Lange (S&D, DE)**, Chair of INTA, the [Parliament's committee responsible for EU-US trade relations](#), said: **"Today's deal on a five-year ceasefire on the Airbus-Boeing trade dispute is an encouraging sign that our partnership is back"** On other tariffs the MEP said, "I expect the US administration to now work towards rectifying Trump's bad decisions of slapping unjustified and unlawful tariffs on steel and aluminium on the EU".
 - **MEP Kathleen Van Brempt (S&D, NL)**, S&D spokesperson on trade, said that the Group is confident of a push for multilateral reformation in the WTO on many issues including **"rules on state owned enterprises, industrial subsidies, as well as forced technology transfers, which are especially important for dealing with China"**.

Other reactions

- **The Chinese Mission to the European Union** [said](#) that "The EU-US Summit Statement has gone far beyond the norm of developing bilateral relations" and that it is filled with **Cold War rhetoric**.
- **BusinessEurope** Director General Markus J. Beyrer [said](#): "This summit can and must be the first step towards a **rejuvenated transatlantic alliance**. We call on leaders to find long-term solutions to commercial disputes that have negatively impacted businesses and citizens and have impaired our ability to address global challenges together."
- **The American Chamber of Commerce to the EU (AmCham)** CEO Susan Danger said "We felt very positive about the visit," adding that "there was also relief that now there has been a conversation on many issues."
- **Microsoft** [announced](#) their encouragement for the US-EU Trade and Technology Council stating that "it is urgent that we work together to calibrate regulatory goals and technological innovation to increase mutual trust and protect democratic institutions around the world." Microsoft have outlined five areas for progression including finding a **transatlantic data agreement**, advancing principle of fair treatment in the WTO, and deepening collaboration on norms such as the **proposed AI Act**.