



**“Six Months into the Biden Presidency: Transatlantic Trends and Aspirations”  
American Council on Germany and Konrad-Adenauer-Stiftung USA Virtual Symposium**

Monday, July 19 through Wednesday, July 21, 2021

With the election of Joe Biden, there has been a strong desire on both sides of the Atlantic to repair and revitalize transatlantic relations. In light of the recent G7, NATO, and U.S.-EU summits, leaders on both sides of the Atlantic recognize that the combined power and influence of the European Union and the United States is indispensable for global cooperation on a range of issues including defense and security, climate change, trade and investment, health, digitalization, and confronting the rising power of China.

To mark the first six months of the Biden administration, the American Council on Germany (ACG) and the Konrad-Adenauer-Stiftung USA held a series of five virtual events immediately following the visit to Washington by German Chancellor Angela Merkel. The online discussions focused on the state of the transatlantic relationship as well as the direction of the new U.S. administration in key areas, such as climate policy, international security, and post-COVID economic recovery, in an effort to highlight how Europe and the United States can better collaborate on these issues.

The speakers for the series of conversations were government officials and experts from a range of think tanks and institutions representing both German and American perspectives on the issues noted above. Over the course of the three days, more than 300 unique viewers in Europe and the United States tuned in for the online discussions, which were also broadcast live on Facebook and YouTube. Recordings of each of the panels can be accessed here: <https://www.acgusa.org/policy-engagement/six-months-into-the-biden-presidency-transatlantic-trends-and-aspirations/>

**Measuring the Pulse: What’s the Status of Transatlantic Relations Six Months In?**

The first session began with opening remarks from the German Ambassador to the United States **Dr. Emily M. Haber**, followed by a discussion with Bundestag Member **Peter Beyer** and Deputy Assistant Secretary of State **Molly Montgomery**. The session was moderated by ACG President **Dr. Steven E. Sokol**.

Chancellor Merkel’s visit on July 15 was the first time President Biden has hosted a European leader at the White House since his inauguration in January. The run up to her trip also provided the opportunity for other high-ranking German officials – including Defense Minister Annegret Kramp-Karrenbauer, Minister of Economic Affairs and Energy Peter Altmaier, and Foreign Minister Heiko Maas – to visit the U.S. for the first time since late 2019. While there were virtual meetings and telephone calls during the pandemic, Ambassador Haber emphasized the significant difference of in-person meetings: in a virtual meeting, context is sometimes lost and people tend to talk “at” one another rather than “with” each other. The dynamics between Berlin and Washington are also different because of the change in U.S. administration. Ambassador Haber believes that President Trump regarded the transatlantic relationship as purely transactional. He was impersonal and had a strictly goal-oriented mindset. Virtual meetings

increased this perception and distance even more. With the Biden administration a friendlier and more constructive tone and tenor has returned to the relationship with European allies, she said. During her visit, Chancellor Merkel and President Biden also signed the Washington Declaration, which is a recommitment to upholding democratic norms and values shared by the U.S. and Germany, and also initiated a new climate and energy partnership.

In light of the catastrophic flooding in Germany – which was taking place while the Chancellor was in Washington – the need for a unified approach to climate policy is underscored. In her remarks, Ambassador Haber also pointed to technology and innovation as a field for greater transatlantic cooperation. She said that the United States and Europe must join forces to define and regulate developments in this space. In this regard, she sees China as an important challenge for both sides of the Atlantic.

Responding to Ambassador Haber’s opening remarks, Ms. Montgomery said that the Biden administration is primarily concerned with three major challenges: Covid-19, climate, and China – the three Cs. These existential threats to the United States are also relevant to the entire world, so there is great potential for transatlantic cooperation. Both the U.S. and the European Union have a multifaceted relationship with China as a partner, competitor, and “systemic rival,” Ms. Montgomery said. With regard to China, Ambassador Haber had said that she is concerned that the U.S. and Germany sometimes talk past each other – which Mr. Beyer agreed with. When Trump pressured Germany to take a more cautious view of Chinese investment and technology, Mr. Beyer said that many Germans understood the message as “you have to decouple from China” and resisted. For Germany and especially for the German auto industry, economic ties to China are essential and therefore decoupling from China is unthinkable. In Washington, Ambassador Haber feels that Germany’s resistance was perceived as “hedging” their position between the two rivals. The situation would benefit from more bilateral and multilateral talks, and Biden’s participation in an EU summit in March did result in an agreement to impose new sanctions aimed at human rights abusers, including four Chinese officials. It would be a mistake to think that the U.S. and EU need to align completely in order to take action, since there are many areas where there is agreement, such as preventing human rights abuses against the Uighurs and pro-democratic protestors, Mr. Beyer said. Compartmentalizing areas of disagreement and areas where cooperation is possible is also necessary when dealing with China directly, such as in the fight against climate change, he said. Chinese participation is essential for global climate change initiatives, Ms. Montgomery said.

Cyber-attacks and internet regulation are other areas with potential for cooperation. The movement of data across the Atlantic via the internet is a reality and a necessity for businesses, and as the EU and U.S. develop their own set of regulations, there will need to be efforts to coordinate common standards. There is also a competition for power between democratic and authoritarian models of tech regulation, Ambassador Haber said. She suggested that the West has collectively striven to make norms and standards based on liberal democratic values, and the only way for the West to maintain its normative power is to create common norms for tech regulation. Cyber-attacks are another issue where both the U.S. and EU have a common interest and it should be a concern of NATO, Mr. Beyer believes.

When dealing with foreign states, there will always been some unresolved tensions where there cannot be agreement, but there can be efforts to minimize and compartmentalize “sticking points,” Ambassador Haber said. For example, in May the Biden administration lifted sanctions on companies working on the Nord Stream 2 pipeline. Ms. Montgomery explained that the administration took stock of the situation and decided that continuing the sanctions were unlikely to prevent the completion of the pipeline, so that the only thing accomplished would be angering allies. Until that tension was released, the

construction of Nord Stream 2 had been a sticking point for German-U.S. talks as the same arguments were repeatedly brought up, Mr. Beyer said, who in late March had advocated unsuccessfully to pause construction on Nord Stream 2 to create space for transatlantic discussion.

Ms. Montgomery emphasized that while there are disagreements between the U.S. and EU, those differences must be kept in perspective. “We are about an inch apart on a lot of these issues, and others that don’t share our perspective on the world are about a mile from us,” she said. When it comes to fundamental issues like free trade and civil rights, the EU and U.S. broadly agree even if there might be disputes about certain particulars. While the U.S. and EU argued for almost twenty years about the recently-abated Boeing/Airbus dispute, China has been subsidizing its domestic airplane production unchallenged, she said. When it comes to regulating international internet usage, there are also disagreements about privacy and freedom of speech, but authoritarians do not even share these concerns, Ambassador Haber pointed out. The same technology used in the West can be abused by authoritarians to consolidate power, exert social control, and collect data on people; anti-democratic states can even use technology to sow division in democratic societies. She hopes that democratic societies can focus on what they have in common and expand capacities to maximize collective strength. In closing both Mr. Beyer and Ms. Montgomery agreed that there are a lot of common challenges facing Europe and the United States, but that there are also opportunities for closer cooperation to address those challenges. The Washington Declaration is an important reminder of shared values and can serve as the foundation for more ambitious common policies to address the challenges posed by Russia and China.

### **Common Security and Defense Policy: What’s at Stake?**

A number of geopolitical security and defense challenges continue to confront the transatlantic alliance ranging from Russia’s continued aggression in Ukraine to China’s military build-up and pressure on Taiwan to cyber threats from adversaries around the world. In a discussion moderated by **Lauren Speranza**, the Director of Transatlantic Defense and Security at the Center for European Policy Analysis (CEPA), **Dr. Jana Puglierin**, Head of the Berlin Office and Senior Policy Fellow at the European Council on Foreign Relations (ECFR), and **Dr. Torrey Taussig**, Research Director for the Project on Europe and the Transatlantic Relationship at the Harvard Kennedy School’s Belfer Center and Nonresident Fellow at the Brookings Institution’s Center on the United States and Europe, focused on how Europe and the United States can get on the same page to effectively deal with these issues and on what “burden-sharing” might look like in the months and years ahead.

Ms. Speranza opened by asking the panelists how they view the overall health of the transatlantic relationship six months into the Biden administration. Dr. Puglierin said that the view from Berlin is mixed. With President Biden the United States has a very pro-European president – who is the polar opposite of President Trump. Biden has made all the right overtures to repair the transatlantic relationship. However, the Biden administration is not letting Germany off the hook on several issues and under the surface tensions remain. She suggested that it is still uncertain how things will develop, especially because of the lukewarm response from Germany and the EU which does not match the energy of U.S. efforts to rebuild the relationship. Dr. Taussig largely agreed saying that success can be measured in style and substance. There is no question the tone of the relationship has changed, and it has been important to rebuild trust and confidence which was lost during the last four years. Despite the Biden administration’s laser focus on China, the administration has devoted significant attention to Europe. She remains concerned, however, by the fact that there is still lots to do, but little time to do it given politics in the United States

and the real possibility that Biden may only be president until 2024 saying “Biden is back, but not necessarily the United States.” Dr. Puglierin concurred and stressed that the transatlantic partnership needs to be renewed with a new *raison d’être* especially since the U.S. wants the EU to play a bigger role, but no one is quite clear yet on what the future transatlantic partnership should look like.

Turning to China, Ms. Speranza noted the common challenges to Europe and the U.S. posed by China and asked about the level of convergence regarding China policy. Dr. Taussig indicated that there is more convergence and stronger agreement when it comes to China as a strategic competitor, but she suggested that internal challenges and differences in the EU, especially Chancellor Merkel’s pro-engagement approach, make it difficult to chart a path forward. Nonetheless, progress is being made with the U.S.-EU Dialogue on China, started under the Trump administration, continuing and recent coordinated action on values as demonstrated by the sanctions on China for human rights violations and abuses of the Uyghurs. Dr. Taussig said that much more cooperation was needed on the tech front, which could be addressed by the EU-U.S. Technology Council, and there should be greater efforts to enhance cooperation with Indo-Pacific partners. Dr. Puglierin largely concurred and noted that in Germany there are lots of different perspectives on how China is viewed by politicians – as a partner, as a systemic rival, and as a strategic competitor (across the political spectrum) – and unfortunately no unified approach. In the CDU, Merkel’s “engagement first” approach still dominates, but it is unclear how a future CDU-Green coalition would reconcile their views on China. But some convergence is developing with German business and industry becoming more critical of China. Overall, Dr. Puglierin noted, there is a clear need for the U.S. and EU to coordinate more on geopolitical strategy, military cooperation, and technology issues vis-à-vis China.

Ms. Speranza pointed out that while China poses significant challenges, Russia cannot be under-prioritized or downplayed given recent activities like the military build-up near Ukraine, aggressive actions in the Black Sea, and issues related to cyberattacks emanating from Russia. Dr. Taussig agreed saying that Russia remains a major strategic challenge for both the EU and U.S. and the recent summit was important in trying to make relations with Russia more “stable and predictable” and to better work on issues such as cybersecurity and arms control. However, she voiced concern that creating redlines on cyberattacks could pose significant challenges to the transatlantic relationship if Russia does not act to prevent attacks from happening and the U.S. decides to take its own offensive cyber actions in response. How would this scenario impact Europe? Dr. Puglierin noted that the U.S. tends to see Russia and China as a joint threat highlighting similar challenges posed by both countries and collaboration between them, but the EU sees them as separate threats. Whereas Russia is seen as a security threat on NATO’s eastern flank, Europe sees China less as a military threat and is focused more on China’s influence on infrastructure and economic development and cyber issues. She said it would be wrong for the EU to solely focus on Russia and to let the U.S. deal with China – the right balance must be found to handle the challenges posed by both countries together. Dr. Taussig responded saying that NATO views both as dual crises with Russia posing more of an immediate military threat and China is a growing threat. The EU could do more to counter China’s growing influence, suggested Dr. Puglierin, by increasing cooperation with partners in the Indo-Pacific.

The issue of burden-sharing and collective defense has been an issue in the transatlantic alliance for many years. Dr. Taussig explained that the Biden administration is much more open to looking at ways to renew discussions on this topic. In fact, the administration has embraced the idea of EU strategic autonomy defined as the EU being a stronger partner with enhanced capabilities to work with the U.S. and in some cases to be the first responder when crises arise. This comes down, however, to the EU figuring out how to do this. She believes the U.S. should do a better job of elucidating what it wants in Europe and not from Europe. Dr. Puglierin responded saying that there is a lot of disagreement within the EU about what

strategic autonomy means, as well as how much the EU should rely on the U.S. as a security guarantor. The U.S and EU should work together to develop the concept further. She noted that in the EU's Strategic Compass, which focuses on defining threats, capabilities, partnerships, resilience, and operations, there is transatlantic agreement on the threats. A focus of the EU should be enhancing its ability to act in areas where the EU is currently dependent on the U.S. such as counter-terrorism in Africa.

Ms. Speranza concluded the conversation by asking about allied cohesion, especially as it pertains to shared values on democracy and human rights. Dr. Taussig expressed great concern about democratic backsliding in countries of Europe, namely Poland and Hungary, and in the United States, being a significant threat to cohesion and security because it allows Russia to interfere and benefit. She suggested that conditioning EU funding support and NATO military support to Hungary and Poland would be a way to exert more pressure and influence on upholding key values and principles. Dr. Taussig believes a focus on an anti-corruption agenda would help demonstrate that democracies can deliver better than authoritarian governments. Dr. Puglierin concurred saying that the EU should do more such as using the recent 2021 Rule of Law Report to confront violations of member countries. She also expressed some concern that the needed cohesion within the EU to deal with many issues may be negatively impacted by the German and French elections in the coming year. A prolonged coalition-building process after the German election is a real possibility – and this would hamstring the Germans in their ability to formulate and contribute to policy discussions.

#### **Climate Change Policy: Can the United States be a Credible Leader?**

**Dr. Camilla Bausch**, Scientific and Executive Director at Ecologic Institute in Berlin, and **Samantha Gross**, Director of the Energy Security and Climate Initiative at the Brookings Institution, discussed U.S. and European approaches to mitigating climate change with **Dr. Michael Mehling**, Deputy Director, MIT Center for Energy and Environmental Policy Research (CEEPR).

Ms. Gross began by noting that she had spent five months in Berlin, up until May, and she had gotten very positive feedback about the United States' re-entry into discussions on climate change on the world stage. But she added that "talk is cheap" and it is action that matters. She said the Biden administration has leaders like John Kerry talking with other high-level leaders about climate change and that many people in the administration are committed to combating it – including people one might not expect, such as Treasury Secretary Janet Yellen. President Joe Biden has set an ambitious goal of reducing U.S. greenhouse-gas pollution by 50 percent to 52 percent from 2005 levels in 2030. While plans have been mapped out to get us there, as she put it: "politics is still a problem." Legislation would have to offer carrots for industry, for example in the area of electric vehicles – and more infrastructure would need to be put into place, such as charging stations. President Biden also has called for 100 percent clean electricity by 2035. Even if polarization in politics may be a stumbling block, she sees opportunities to put some policies into place without Congress, including on fuel economy, energy efficiency, and air pollution.

Dr. Bausch underlined the importance of a global effort if we are to prevent the likes of the devastating floods that recently rocked Germany. In December 2019, the European Commission adopted the European Green Deal, representing a political shift. She said this was the first time climate change was central to policy, and it took a sweeping, indeed systemic approach to fighting climate change. The week before this discussion, the European Union proposed its Fit for 55 initiative, revising its target for cutting greenhouse gases to at least 55 percent by 2030 compared to 1990 levels, up from 40 percent. In the meantime, she said that "It's great to have a partner back" and to see the United States return to

multilateralism, and to the Paris agreement. But she underlined that specific and concrete action is needed on the ground in the U.S. – and it needs to be sector-specific and tangible. She raised concerns about how reliable this partnership on climate change would be over time. Another challenge is that of China. In 2014, the United States and China pledged to work together to address climate change, and this paved the way for the Paris agreement. China should still be very much a part of efforts to counter climate change.

Ms. Gross said Europeans have every reason to be concerned about continuity in U.S. policy. To prevent climate-change policy from getting rolled back, the Biden administration is endeavoring to put into place policy that is difficult to reverse. One example would be normalizing the purchase of EVs. She said Fit for 55 has some things to like, but she is concerned that the legislation is limited to addressing only policies that affect carbon directly, not indirectly. She said it will be interesting to see how that plays out at the WTO and in the United States. Meanwhile, she sees great opportunity in harnessing innovation. She said with high-caliber research institutes in the United States and Europe, we should work together on such issues. Ms. Gross also said we should work together to provide financing to developing countries – for example in India, where the green-tech industry has been hampered by high interest rates. In addition, we should keep in mind that states can be laboratories of innovation. States like California and New York have taken steps to address climate change, and as they and others demonstrate how these policies can achieve their aims without destroying the economy, we might see more of these measures adopted at the federal level – or they could at least be adopted by other states.

Dr. Bausch noted that when Germany allowed private citizens to invest in clean technology, the country saw that some constituencies could make a living out of it. The government's move to open up investment provided a tailwind for high percentages of renewable power. When Chancellor Angela Merkel recently visited the United States, she and President Biden launched the U.S.-Germany Climate and Energy Partnership, an effort to work together on energy technology, renewables, and energy storage. NASA and the European Space Agency also are now collaborating on climate change. She added that we have an opportunity to learn from the painful parts of COVID and the power of innovation too: A vaccine was developed much more quickly than anticipated thanks to collaboration and committed efforts to reach a common goal.

Ms. Gross and Dr. Bausch discussed green taxonomy, which involves identifying activities and investments that deliver on environmental objectives. Ms. Gross endorsed the U.S. approach of giving investors access to disclosures so they can decide the merits of investments on their own, while Dr. Bausch highlighted the benefits of having investments labeled outright as green vs. not green. Turning to nuclear power, Dr. Bausch pointed out that the precautionary principle is much more at play in Europe. The Chernobyl disaster in 1986 affected all of Europe and was a deeply painful nuclear experience, and the Fukushima Daiichi disaster in 2011 was the final straw for Germany. Interestingly, the United States is also turning away from nuclear energy but for a different reason: the bottom line. Ms. Gross said companies are averse to the pronounced risk of cost overruns, many of which have been witnessed in recent construction. Still, some argue for keeping nuclear power in use until more renewables are online for the mere fact that taking them all offline would result in a significant uptick of carbon emissions. If smaller and safer nuclear operations could be brought online, that might change the calculus on nuclear power in the United States. Still, they agreed that a deep conversation on nuclear power is not so necessary.

Ms. Gross expressed hope that the United Nations Climate Change Conference of the Parties (COP26) would take place in the fall in Glasgow as planned. She said we have been apart too long and we need to get together to talk about achieving climate goals – something that might be more possible as vaccination

rates rise. Dr. Bausch said we came out strong after the G7 Summit, with energy and climate on the agenda. She said that with the G20 Summit also coming up in the fall, there could be an opportunity to make big decisions. She underlined the importance of building and investing in infrastructure with the “Do no harm principle” firmly in mind.

### **Post-Covid Economic Recovery: Is Infrastructure the Answer?**

Investment in infrastructure is playing a role in the post-Covid recovery on both sides of the Atlantic. In the U.S., trillion-dollar infrastructure plans are being debated that will upgrade roads, bridges, and water systems, expand digital access and broadband, hasten a shift to clean energy, and potentially create millions of jobs. The EU’s \$800 billion Recovery Fund also focuses on addressing climate change and the digital transformation as part of its economic recovery plan. An expert panel convened to address these issues, included **Greg Lindsay**, the Director of Applied Research at NewCities and Non-Resident Senior Fellow in the Atlantic Council’s Foresight, Strategy, and Risks Initiative; **Brandie Lockett**, City Designer with Houston Public Works in the City of Houston; and **Thomas Puls**, Senior Economist for Transportation and Infrastructure at the Institut der deutschen Wirtschaft in Cologne.

ACG President **Dr. Steven E. Sokol**, who moderated the event, noted that the term “infrastructure” is all-encompassing and means different things to different people, and began by asking each of the panelists to provide their definition of infrastructure to help frame the conversation. Ms. Lockett suggested that the common meaning focuses on the built environment, but that infrastructure has grown to encompass all the things that help people to connect, move, and interact with their city and make a city more accessible. She noted that public spaces, which became important places for people to meet during the pandemic, should be considered infrastructure too. Mr. Lindsay concurred making a differentiation between a “minimalist” and a “maximalist” approach to infrastructure. A minimalist definition focuses on physical infrastructure like roads and bridges, and the maximalist definition focuses on everything that helps to improve human well-being and potential which includes education, childcare, affordable housing, and many other elements. Mr. Puls explained that his definition has changed over time from meaning “the equipment of an economy” to “everything that connects people and companies and enables an economy to function effectively.” The definition of infrastructure must include social aspects and other elements, he said, because physical infrastructure like transportation is the result of other societal decisions or has an impact on other social concerns.

Turning to what the biggest deficits and needs are in terms of infrastructure, Mr. Puls noted that for many years there was an underinvestment in roads, bridges, and digital networks in Germany, but that more recently significant funding has been allocated to these areas. The problem, however, is that bureaucratic hurdles slow implementation and industry lacks the capacity to undertake the projects. Mr. Puls stressed the need for adaption to climate change to become a priority in infrastructure discussions, as demonstrated by the recent flooding disaster in Germany. Mr. Lindsay disagreed slightly saying that governments had to get more aggressive with their policies meant to avert climate change by reducing CO2 emissions. Rather than rebuilding roads destroyed by the flooding, for instance, there should be fewer roads and an emphasis on other modes of transportation. To reduce the amount of driving people do, he suggested a mileage tax could be implemented. The financing of public transportation will need to change such that public funding replaces fare-based systems which leaves systems chronically underfunded. When thinking about housing – where people now live, work, and shop – building codes should be changed and more thought put into where we build, with public investment directed to places that are safer. Overall, Mr. Lindsay argued, our societies must go beyond adaptation and should focus

more on climate mitigation. At the local level, Ms. Lockett explained that one of the biggest challenges facing Houston is how to connect neighborhoods while combatting suburban development that results in greater sprawl. A cultural change in people's attitudes is needed to pursue a more sustainable approach and this is difficult to achieve.

Dr. Sokol asked how the pandemic impacted the thinking about infrastructure and what lessons the pandemic may have provided that will help guide new policies. Ms. Lockett explained that Houston had increased its use of data to determine policy-based regulations that can now mandate change for the city to thrive. Using the data, infrastructure plans can be better targeted to where support is most needed. Mr. Lindsay felt that many people learned the wrong lessons from the pandemic choosing to fall back on individual self-reliance as demonstrated by the boom in buying big houses and new cars. He argued that there is a need for more collective action citing EU subsidies for electric vehicles that have increased electric car sales, as well as the use of e-bikes. Mr. Puls said the pandemic was a wake-up call to question certainties of how we order our societies and live our lives. Prior to the pandemic, very few Germans worked from home, but this has changed significantly and will likely stay that way in the long-term. It is critical that we think about what changes like this mean for infrastructure. People are commuting less which is good for the environment, but they are also using public transportation less.

Returning to the need to change people's cultural mindset – specifically as it pertains to the role of public transit versus the maintenance and expansion of traditional infrastructure with roads and bridges – all three panelists suggested much could be done. Ms. Lockett indicated that education and looking at best practices from other cities can have a huge influence on promoting new policies. Mr. Lindsay explained that change can come from a top-down approach striving to fulfill established goals or from the bottom-up through community activism. In his opinion, “if you show people great things and a vision, people will adapt”, suggesting that governments should be bolder in setting mandates and policies. Citing the shift to electrified cars, Mr. Lindsay, welcomed this move, but said governments haven't done nearly enough to think about how the shift will destroy gas-tax revenue. Overall, policymakers “haven't even begun to apply the tool-kit available to them” to implement the true change needed to address the infrastructure needs of the future. Mr. Puls noted that in Germany the process of moving to a new transportation mode with bicycles as alternatives to cars is moving ahead and that policies such as bans on cars in city centers are examples of how governments can influence people's mindset. He also stressed the need for sector coupling, such as between the energy and automotive sectors, to make better progress, but said not enough is happening in this regard such that bureaucratic procedures continue to be a hindrance to change.

The discussion concluded with the panelists highlighting how Germany and the United States could better collaborate on issues related to infrastructure. Mr. Puls mentioned the EU's recently-announced [Fit for 55 initiative](#), a package of proposals to make the EU's climate, energy, land use, transport and taxation policies fit for reducing net greenhouse gas emissions by at least 55% by 2030, compared to 1990 levels. He suggested the creation of a “climate club” with the U.S. so that both sides of the Atlantic can get better aligned on climate policies. Mr. Lindsay said that the U.S., Germany, and the EU should collaborate more closely in the clean tech industry which will be a huge part of infrastructure plans in the future and could also serve to counter China's growing dominance in this sector. Additionally, the U.S. should strive to learn more from Germany's experiences with its *Energiewende* to determine what elements could be implemented in the United States. Ms. Lockett believes sister city partnerships, like the one that exists between Houston and Leipzig, possess great potential to share best practices and to hold each other accountable for implementing policies and practices that will improve their respective communities.

**Global Trade and Investment: Do Economic Ties Still Bind Europe and the U.S.?**



The final session in the virtual event series focused on the transatlantic economic relationship, and featured **Dr. Laura von Daniels**, the Head of Research for the Americas at the Stiftung Wissenschaft und Politik (SWP); **Dr. Daniel S. Hamilton**, Director of the Global Europe Program and Austrian Marshall Plan Foundation Distinguished Fellow at the Wilson Center; and was moderated by **Julia Friedlander**, Deputy Director of the GeoEconomics Center and C. Boyden Gray Senior Fellow at the Atlantic Council.

Ms. Friedlander began by referencing an article published by *The Economist* on Biden's approach to Chinese competition. Specifically, one controversial graphic made the point that the U.S.'s trading relationships have precipitously declined over the last two decades while China's have risen, but the graphic was somewhat misleading because it did not include trade in services or trade with the European Union. Dr. Hamilton responded that it has been a trend on both sides of the Atlantic in the media, politics, and some government agencies over the last 20 years to reduce commercial activity to trade in goods and merchandise, which skews the numbers significantly. He gave the European example of EuroStat referring to China as the EU's biggest trading partner, but that also only considered the trade of goods and only during the pandemic. The U.S. is slowing as a traditional export nation, but it trades more in services and investment than ever before. Instead of shipping goods around the world, American companies are more likely to invest in another country and locally produce goods for that market. Dr. von Daniels noted that an international relationship based on investment, jobs, and research and development, such as exists between the U.S. and EU, is deeper than one based on the trade of goods.

Germany's economy depends on exporting goods – especially to China – and Germans are very aware of this, explained Dr. von Daniels. In the run up to the federal election in September, politicians are struggling to find the right attitude toward China, balancing on the one hand its importance as a trading partner for the German economy while on the other hand taking into account concerns about China's growing power. Most political parties recognize that China is more than just a competitor, but Germany's geographic insulation from Asia makes the threat of China feel less urgent than it does to Americans. Because of this Dr. von Daniels expects that America will have to take the lead in realigning the West's position on China. She suggested that multilateral talks such as the ones that took place in June among NATO allies and between the U.S. and EU can help build agreement on threat perception and policy. Dr. Hamilton responded to the idea that China is not a European problem, saying that "for many Americans focusing on Europe and thinking about China, it's not about sending Europe or NATO to Asia, but it's that China is coming to Europe. It's not about a pivot to Asia; it's Asia's pivot to Europe." China's Belt and Road initiative in the European Union as well as its investment in Europe's defense supply chain and strategic ports on Europe's periphery all bring the potential Chinese threat close to Europe. Furthermore, China is threatening the "global commons" that allow Europe's trade to occur.

The Biden administration has also proposed the idea of a "foreign policy for the middle class." Dr. von Daniels hopes that this will not lead to the maximization of U.S. interests at the expense of other countries' middle classes, but rather that there can be cooperation to benefit Europeans as well. In order to gain Europeans' confidence, she thinks that President Biden should take a few concrete actions to show that he will not be using trade policy and tariffs to solve domestic structural problems. One such show of good will came in June, when President Biden and EU Commission President Ursula von der Leyen ended the longstanding Airbus-Boeing dispute by suspending related tariffs, but only for five years. Another action that could be taken in the near future might be for the U.S. to end its blockage of the WTO's appellate judge appointments, she said. After President Trump blocked the appointment of WTO appellate judges in 2019 and his threats to withdraw the U.S. from the WTO in 2020 over accusations that it was permissive towards Chinese trade violations, President Biden has appeared willing to remain in the organization if it

is reformed. Six months since the inauguration, though, the Biden administration has yet to turn to the task of restoring the still-defunct WTO appellate body. Reforming the WTO is a common interest that the U.S., EU, and Japan have been cooperating on, since Chinese trade violations is a threat to all their economies, Dr. Hamilton said.

In both Europe and the United States, the need for domestic renewal is evident in the aftermath of the COVID-19 pandemic and, in the case of the U.S. the increased focus on racial and social justice. “Our number one challenge on both sides of the Atlantic is moving both our societies and economies from sickness to health,” Dr. Hamilton said. In these circumstances, he thinks that domestic renewal can be looked at as a common challenge in the transatlantic relationship with an opportunity for cooperation. The “build back better” mentality could lead to a “green” economic transformation on both sides of the Atlantic. Rather than viewing the global economy through a “Darwinian” lens, Dr. Hamilton hopes that the U.S. and its allies can build a positive agenda that maintains U.S. hegemony. Once this agenda has been solidified among transatlantic partners, they can then engage in “cascading multilateralism” by taking the transatlantic proposal to successive international bodies until it can be adopted globally, he said.

## **Conclusions**

In five virtual panel discussions held over three days, more than a dozen experts shared their insights on the state of the transatlantic partnership six months into the new Biden administration. Three common themes arose from the events: First, the style and tone of transatlantic diplomacy has definitely changed for the better and is critical for constructive dialogue and multilateral cooperation, but differences and tensions remain. All the speakers noted that whether discussing defense and security issues, climate change and sustainability strategies, or economic and trade policies, talking with one another about longer-term strategic goals, rather than focusing on short-term transactional objectives, is absolutely necessary to achieve meaningful progress and to overcoming differences.

Second, the speakers in several panels also voiced a common belief that there is a great opportunity for Europe and the United States to cooperate and to jointly define strategies related to climate change and clean energy given the Biden administration’s renewed priorities. Tied to recent EU initiatives, working together can have a significant impact on climate policy, security strategies, infrastructure plans and development, as well as economic development and job creation.

Lastly, the need to confront China’s growing economic and military influence around the world came up repeatedly. The China challenge presents an opportunity for – and in fact requires – greater transatlantic collaboration to be effective. Despite some differences on how to approach China, Europe and the United States are largely in alignment about the threat China poses to defense and security, climate change, trade and investment, global health, and cyber-security. Rather than continuing to pursue separate strategies vis-à-vis China, which occurred during the last four years, a more coordinated strategy and set of actions are needed to uphold Western values and to ensure that the transatlantic community continues to play a bigger role in defining the rules and institutions upholding the multilateral, international liberal order.



**“Six Months into the Biden Presidency: Transatlantic Trends and Aspirations”  
American Council on Germany and Konrad-Adenauer-Stiftung USA Virtual Symposium**

Monday, July 19 through Wednesday, July 21, 2021

Agenda

- July 19  
11:00 am to  
12:30 pm ET
- Measuring the Pulse: What’s the Status of Transatlantic Relations Six Months In?**
- Within hours of taking office, the President Biden brought the United States back to the Paris Climate Agreement. The new administration has also taken steps to return to the Iran nuclear deal, de-escalate transatlantic trade tensions, and committed more U.S. troops in Germany. Nevertheless, there are contentious issues where Europe and the United States do not see eye to eye.
- Opening statement (11:00 to 11:30 am)  
**Ambassador Emily Haber**, German Ambassador to the United States
- Followed by a discussion with  
**Peter Beyer**, Member of the German Bundestag (CDU) and Coordinator of Transatlantic Cooperation in the Federal Foreign Office  
**Molly Montgomery**, Deputy Assistant Secretary, Bureau of European and Eurasian Affairs, U.S. Department of State  
Moderator: **Dr. Steven E. Sokol**, President of the American Council on Germany
- July 20  
10:00 am to  
11:00 am ET
- Common Security and Defense Policy: What’s at Stake?**
- Geopolitical challenges continue to confront the transatlantic alliance ranging from Russia’s continued aggressions in Ukraine to China’s military build-up and pressure on Taiwan to President Biden’s decision to remove American troops from Afghanistan by September of this year to cyber threats from adversaries around the world. How can Europe and the United States get on the same page to effectively deal with these issues? What will “burden-sharing” look like in the months and years ahead?
- Dr. Jana Puglierin**, Head of the Berlin Office and Senior Policy Fellow, European Council on Foreign Relations (ECFR)  
**Dr. Torrey Taussig**, Research Director for the Project on Europe and the Transatlantic Relationship, Harvard Kennedy School’s Belfer Center; Nonresident Fellow, Brookings Institution’s Center on the United States and Europe  
Moderator: **Lauren M. Speranza**, Director of Transatlantic Defense and Security, Center for European Policy Analysis (CEPA)

July 20  
1:00 pm to  
2:00 pm ET

### **Climate Change Policy: Can the United States be a Credible Leader?**

President Biden brought the United States back into the Paris Climate Agreement and appointed former Secretary of State John Kerry as his Climate Envoy to signal that climate change is the greatest long-term challenge confronting the U.S. and the world. Additionally, his proposed infrastructure plan includes more than \$300 billion in efforts to curb climate change. How may these steps lead to greater transatlantic cooperation on efforts to mitigate the impact of climate change?

**Dr. Camilla Bausch**, Scientific and Executive Director, Ecologic Institute  
**Samantha Gross**, Director of the Energy Security and Climate Initiative, Brookings Institution

Moderator: **Dr. Michael Mehling**, Deputy Director, MIT Center for Energy and Environmental Policy Research (CEEPR)

July 21  
10:00 am to  
11:00 am ET

### **Post-Covid Economic Recovery: Is Infrastructure the Answer?**

President Biden has proposed a \$2 trillion infrastructure plan that he states will upgrade roads, bridges, and water systems, expand digital access and broadband, hasten a shift to clean energy, and create millions of jobs. The EU's \$800 billion Recovery Fund also focuses on addressing climate change and the digital transformation as part of its economic recovery plan. What impact will these efforts have on the recovery and are there opportunities for transatlantic cooperation?

**Greg Lindsay**, Director of Applied Research, NewCities; Non-Resident Senior Fellow, Atlantic Council's Foresight, Strategy, and Risks Initiative

**Brandie Lockett**, City Designer, Houston Public Works, City of Houston

**Thomas Puls**, Senior Economist for Transportation and Infrastructure, Institut der deutschen Wirtschaft

Moderator: **Dr. Steven E. Sokol**, President of the American Council on Germany

July 21  
12:00 pm to  
1:00 pm ET

### **Global Trade and Investment: Do Economic Ties Still Bind Europe and the U.S.?**

The transatlantic economy remains the most important in the world comprising one-third of the world's GDP, \$6.2 trillion in commercial sales, 61 percent of inward FDI and 64 percent of outward FDI, as well as 27 percent of global exports and 32 percent of world imports. Currently, the U.S. economy is running on all cylinders with a forecast of 6-7 percent real GDP growth this year, while the Eurozone is still suffering. Greater cooperation could help the Atlantic community together recover better and faster.

**Dr. Laura von Daniels**, Head of the Research Division, The Americas, Stiftung Wissenschaft und Politik (SWP)

**Dr. Daniel S. Hamilton**, Director of the Global Europe Program and Austrian Marshall Plan Foundation Distinguished Fellow, Wilson Center

Moderator: **Julia Friedlander**, Deputy Director of the GeoEconomics Center and C. Boyden Gray Senior Fellow, Atlantic Council