



Transatlantic Expert Group | #2023.01

Transatlantic Guardrails: Fostering sustainable EU-US relations

In a fast-paced changing geopolitical and geoeconomic environment, the EU and the US should set up ‘transatlantic guardrails’ to keep the relationship from derailing and withstand potential adverse political headwinds across the Atlantic beyond 2024.

Ricardo Borges de Castro

Introduction

Transatlantic relations have a long history of ups and downs. However, the bonds forged by Europeans and Americans from the ashes of the Second World War have, for the most part, kept peace, stability, and prosperity in the Euro-Atlantic space. The partnership has been tried and tested – from Gaullism and the Iraq War to the US’s *pivot* to Asia, and the Trump presidency – always making a

comeback but perhaps not as solid as before. However, the biggest test for the relationship may yet be ahead.

Indeed, a central question preoccupies European policymakers today when they think about future relations with the United States: Who will be in the White House after the November 2024 presidential elections?

There are legitimate concerns about what a re-election of Donald Trump or of a *Trumpian* president could mean for transatlantic relations, while also considering that despite “America is back,” as President Biden put it at the start of his term, transatlantic [relations have been bumpy](#) over the last few years.

This worry becomes even more salient at a moment when Russia’s war of aggression on Ukraine still rages with clear implications for Europe’s future security architecture; China continues to be a contentious issue across the Atlantic; the differences related to economic security, trade and tech seem to pile up; climate and energy transitions emerge as friction points; and there is a lack of a concerted approach towards the so-called ‘global south.’

In the current fast-paced changing geopolitical and geoeconomic environment, the EU and the US should set up ‘transatlantic guardrails’ to keep the bilateral relationship from potentially derailing and capable to withstand adverse future political headwinds. In other words, both sides should promote ways to mitigate potential emerging problems and adopt formal and informal mechanisms to keep relations on track.

Shoring-up EU-US ties: A window of opportunity

Disagreements and low points are nothing new in the transatlantic relationship, but the Trump years (2017-2021) drove Europeans and Americans to a breaking point, leaving political scars that are all too present in most policymaking circles in Brussels and in the EU27. Although the current Biden administration *re-pivoted* to Europe and the relationship between both sides of the Atlantic improved, EU-US ties can easily turn [sour](#).

The signature of the EU-China Comprehensive Agreement on Investment (even though it was ultimately put on ice due to bilateral EU-China tensions) over the [objections](#) of the incoming Biden administration, the AUKUS (Australia, UK, US) security pact debacle that upset the French, the rolling out of the Inflation Reduction Act, or the US-withdrawal from Afghanistan, illustrate the potential for problems especially if there is not a substantial political and diplomatic investment in the relationship from both sides.

Future developments in domestic politics in Brussels and Washington could also spell trouble. Indeed, as 2023 draws to a close, political attention in Brussels and Washington will gradually shift to the European Parliament elections in June 2024, as well as the US presidential and congressional elections in November 2024, which are preceded by primaries for the Democratic and Republican parties from January to the summer of 2024.

With President Biden in the White House and President von der Leyen in the European Commission, the EU and the US have a window of opportunity to setup what can be termed ‘transatlantic guardrails’ to keep the relationship stable should political winds change in 2024.

Transatlantic guardrails

In practical terms, the establishment of guardrails – without undermining existing and functioning EU-US cooperation channels – would take advantage of the open and democratic nature of transatlantic governance systems and societies and tap into their decentralised and multi-level characteristics.

While it would be important to keep ‘executive to executive’ relations in good standing, in the absence of cooperation at the highest

political level, partnerships and thematic collaborations should be established between European and American political parties, the European Parliament and the US congress (or parts thereof), US states and EU countries and/or regions, mayors from both sides, as well as civil society organisations – from chambers of commerce and foundations to think tanks and NGOs.

This network of guardrails would not be a substitute for the high-level interactions that should continue to take place in bilateral summits and global governance settings. Rather, it would complement and ensure continuity of exchanges between like-minded Europeans and Americans, mitigating and avoiding political risk contamination in case of worst-case scenarios emerging from next years' electoral cycles in Washington and Brussels.

Potential guardrails could be as follows: Björn Seibert, Head of Cabinet to President von der Leyen, and Jake Sullivan, US National Security Adviser, are understood to both play a key coordination [role](#) in responding to Russia's aggression on Ukraine and beyond. The reality is that both could be out of their current jobs next year. Hence, the European External Action Service and the US State Department could appoint each a senior diplomatic transatlantic sherpa that keep regular and constant communications irrespective of the politics in Washington and Brussels – a blue phone of sorts.

Another illustration would be to conditionally shift, with the corresponding financial support, the steering and the process of the existing Trade and Technology Council (TTC) to two relevant civil society organisations – one in the EU, the other in the US – that could keep the technical and expert level work ongoing in all the different thematic areas and assure

the continuity of the TTC. Depending on the results of the elections, the TTC could revert to its original format or remain at the civil society level. Although its impact would be diminished, keeping a durable dialogue could prove positive for transatlantic relations – a TTC Track 2 of sorts.

Mapping cooperation, gaps, and irritants

Setting up 'transatlantic guardrails' requires mapping cases or instances of formal and ad-hoc cooperation; policy or strategy gaps; and the so-called 'irritants' in key domains for the EU-US relations. Indeed, Russia's aggression on Ukraine and the future transatlantic security architecture, relations with China, economic security, trade and tech, the green and energy transitions, and the global south, are likely to shape EU-US ties in the long-term.

For each of them there are *fora* (e.g., NATO) and areas of cooperation (e.g., Ukraine), as well as areas of competition (e.g., defence industry) and disagreement, the irritants (e.g., IRA).

What is more, there are gaps where transatlantic partners fail to adopt more coordinated or joint approaches in central emerging issues (e.g., Indo-Pacific). Often, the lack of a common transatlantic strategy is also a result of divisions within the EU27 (e.g., China) or in Washington, D.C. (e.g., debates on current support to Ukraine and pivot to Asia).

Once these three categories – cooperation, gaps, and irritants – are charted for each topic above, they should be prioritised according to their strategic relevance to EU-US relations and assessed in how they could be negatively impacted in case of downward political developments on both sides of the Atlantic.

In existing areas of cooperation, setting-up guardrails could mean finding alternative *fora* and/or actors to continue the collaboration in each policy field. Naturally, this approach would not work on instances such as with NATO. On the issue of gaps, the guardrails could mean launching new initiatives to address the lacunae identified. Regarding the irritants, the guardrails would entail identifying stabilising mechanisms that could prevent turning existing disputes into wider problems with a detrimental spill-over to the overall transatlantic relationship.

Transatlantic security architecture

Russia's full-scale invasion of Ukraine on 24 February 2022 was a watershed moment for Europe that shattered the continent's security architecture, ushering in a new, more challenging geopolitical and geoeconomic era.

While Russia's aggression reinvigorated NATO and brought the US back to Europe as the chief guarantor of the continent's security and territorial integrity, the short-to-medium-term effect of this *re-pivot to Europe* is that the EU27 have been reminded that there is a long way ahead in boosting its own security, defence, and deterrence.

The duration of the war as well as its potential end date and outcomes will be shaped by the level of transatlantic unity and resolve and will shape the future of Europe's security architecture. Although cooperation and exchanges between both sides of the Atlantic have increased since the war started and there are several formal and informal *fora* to pursue them, there are also gaps and (potential) irritants that can undermine the framing of a new transatlantic security architecture with global implications.

Table 1

Policy Domain	Cooperation (formal & ad-hoc)	Gaps	'Irritants'
Transatlantic security architecture	<p>NATO</p> <p>Support for Ukraine to face Russian aggression</p> <p>EU-NATO cooperation on issue-areas, such as critical infrastructure. <i>(but still a long way to go to determine division of labour between both organisations)</i></p> <p>Berlin Plus Agreement</p> <p>EDA-US Administrative Agreement</p> <p>EU-US Dialogue on Security and Defense</p> <p>EU-US Counterterrorism Dialogue and shared counterterrorist policies (such as PNR and the SWIFT Agreement)</p> <p>EU-US Cybersecurity Dialogue</p> <p>PESCO-US project on military mobility</p> <p>Coordinated multilateral economic sanctions. Close work between the OFAC (US), FISMA and the EEAS (EU)</p>	<p>An EU-US joint or coordinated Indo-Pacific approach</p> <p>Absence of an EU counterpart to the US National Security Council; i.e. a European Security Council</p> <p>Coordinated EU-US cyber-security strategy and the different approach on tech and digital policy (see more below)</p> <p>Lack of a common approach or inability to find a modus vivendi with Türkiye</p> <p>A more joined-up approach to Middle East peace, security, and stability considering recent events</p>	<p>Disagreements over burden-sharing and the need for Europe to be a more reliable partner in security and defence</p> <p>Debates on security guarantees for Ukraine</p> <p>Competition between US and EU defence industry in the European procurement space, and its potential effects on industrial competition</p> <p>The Afghanistan debacle</p> <p>Diplomatically inept creation of new alliances / arrangements such as AUKUS</p> <p>Mixed backing for Ukraine among EU members and divisions between East and West as well as fissures within East (e.g., Hungary). This mixed backing is also happening in the US Congress.</p> <p>US pivot to Asia Russia's war of aggression 'forced' a US return to Europe although there is intense debate in Washington whether this is the correct strategic choice given the perceived long-term challenge posed by China</p> <p>EU push for strategic autonomy which Russia's aggression equally justifies but undermines as several EU countries (e.g., Baltics, Eastern flank) reject it to avoid 'driving' the US out</p> <p>Although the UK is member of NATO and permanent member of the UN Security Council shares the same security interests and challenges, Brexit and its aftermath have undermined more solid and structured EU-UK cooperation on foreign and security domains</p>

Abbreviations (in alphabetical order): EDA – European Defence Agency; EEAS – European External Action Service; FISMA - Federal Information Security Management Act; PESCO - Permanent Structured Cooperation; PNR – Passenger Name Record; OFAC – Office of Foreign Assets Control; SWIFT - Society for Worldwide Interbank Financial Telecommunication.

Source: Author

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Relations with China

China is likely to remain a contentious issue in transatlantic relations as the world's second largest economy also influences each of the other four domains under consideration.

Despite gradually hardening their positions and coming closer to Washington's views on the long-term challenge that China poses, several major European countries are wary of undoing its economic and commercial ties

with such a big market without credible

alternatives. In fact, the US is also [reluctant to undermine](#) its economic relations with Beijing on products and businesses that do not have national security implications.

Although the US has come to [adopt](#) the EU's recent approach of '[de-risking, not de-coupling](#),' American technological decoupling from China is likely to continue in the years ahead. What is more, as the 2024 US

presidential campaign heats up, the trend will likely be a hardening of positions regarding Beijing as no candidate – either Republican or Democrat – will want to be seen as soft on China. At the EU level, China will also continue to be a hot issue between and within European countries.

Taiwan, which will have presidential elections in early 2024, has recently flared up as a new source of potential acrimony between France and the US adding up to the AUKUS’ fallout.

Table 2

Policy Domain	Cooperation (formal & ad-hoc)	Gaps	'Irritants'
Relations with China	EU-US Dialogue on China Relative agreement on diversification from Chinese supply chains, as reflected in the Inflation Reduction Act (IRA) and the EU's 'de-risking' strategy	Coordinated, consistent transatlantic strategy or approach towards China Coordinated diversification of critical raw materials supply chains Coordinated approach to critical semiconductor supply chains	Economic protectionism regarding China spilling over into EU-US economic relations EU-US Trade and Technology Council (TTC) as a US tool to confront China which many Europeans are reluctant to do Pressure in some US circles for decoupling vs. the 'de-risking strategy' adopted by the EU and US Administration to a certain extent Concrete US pressure on EU firms and member states to align with 'decoupling' policies, such as exports bans on semiconductor tools EU Economic Security strategy seeking diversification vs. some US decoupling policies Nuanced approaches towards Taiwan

Source: Author

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Economic security, trade and tech

The EU and the US enjoy the largest economic relationship in the world. Together they account for [one third](#) of global GDP. Yet, transatlantic trade and technology relations have been anything but smooth. Agreements and cooperation have often been elusive (e.g., Transatlantic Trade Investment Partnership, or TTIP), not to speak of the low point in relations during the [Trump years](#) with tit-for-tat tariff impositions.

The Biden administration has attempted to solve some of the disputes from the past but the announcement of a 'foreign policy for the Middle Class' and the adoption of the [Inflation Reduction Act \(IRA\)](#) is seen by many

in Europe as protectionist and potentially luring European industry and substantial investments to the other side of the Atlantic.

The launch of the Trade and Technology Council in 2021 was a positive development to relaunch EU-US economic relations, but its long-term sustainability and relevance is not a given. Furthermore, there are gaps and lingering 'irritants' that can complicate the transatlantic economic relationship despite the best cooperation and dialogue efforts.

In the long-term, as Washington and Brussels advance their economic security strategies they should also consider setting-up a joint defensive economic security alliance.

Table 3

Policy Domain	Cooperation (formal & ad-hoc)	Gaps	'Irritants'
Economic security, trade and tech	EU-US Trade and Technology Council (TTC)	No free trade agreement (FTA) (Transatlantic Trade and Investment Partnership)	Technological and industrial competition
	Transatlantic Economic Council	Ongoing negotiations for a Trans-Atlantic Data Privacy Framework	IRA (see also below)
	Transatlantic Business & Investment Council	Absence of EU Foreign Policy chief from TTC while US Secretary of State participates	Different approaches on WTO dispute settlement mechanisms
	Transatlantic Consumer Dialogue	Critical Raw Materials Agreement – Council of EU authorised negotiations to start	Ongoing steel tariffs dispute
	U.S.-EU SME (Small- and Medium-sized Enterprises) workshops		Technological and industrial gap
	American Chamber of Commerce		Different regulatory standards and goals and their impact on industrial and technological competition
	EU-US Artificial Intelligence Roadmap		US foreign policy for the middle class and what it means – a soft brand of 'America First'?
	Administrative Arrangement on Artificial Intelligence for the Public Good		Fiona Scott Morton's (failed) appointment to DG COMP at EU Commission
	EU-US Science and Technology (S&T) Co-operation Agreement		Breton's ' European way ' speech 6 September 2023
	EU-US Cybersecurity Dialogue		
EU-US Space dialogue			

Source: Author

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Green and energy transitions

The Biden Administration’s return to the Paris Agreement and the appointment of John Kerry, the former Secretary of State, as US Climate envoy were early positive signs that Washington was returning to global climate efforts.

Yet, only with the now one-year-old IRA did Washington finally jump on a credible strategy of greening its economy and industry, despite the alarm bells raised in Europe and elsewhere regarding IRA’s protectionist bent. Although a latecomer to the green transition, the US seems, for the moment, to be firmly committed to it but a new *Trumpian* administration could reverse progress or undermine global efforts to tackle the climate crisis.

In the context of the war in Ukraine and the EU’s need to rid itself of its chronic energy dependency from Russia, the US has stepped up as a leading supplier of Liquefied Natural Gas (LNG) to Europe although concerns were raised about Europe becoming too energy dependent on the US.

There are also some reservations in Washington regarding key instruments of the EU’s Green Deal such as the Carbon Border Adjustment Mechanism (CBAM) whose application is now being [tested](#). As both sides of the Atlantic move ahead in fulfilling their green transition goals, the road may be bumpy but the opportunities to cooperate and coordinate are also manifold.

Table 4

Policy Domain	Cooperation (formal & ad-hoc)	Gaps	'Irritants'
Green and energy transitions	<p>Paris Agreement</p> <p>EU-US Energy Council</p> <p>EU-US Trade and Technology Council (TTC)</p> <p>EU-US Clean Energy Incentives Dialogue</p> <p>Synergies between the IRA and the EU's Green Deal</p>	<p>Greater coordination in clean energy incentives, such as avoiding protectionist subsidies</p> <p>FTA or FTA-equivalent agreement ensuring level-field competition in IRA-affected industries</p> <p>Coordinated energy and climate strategy regarding China and Russia</p>	<p>US protectionist green subsidies as part of the IRA</p> <p>Potential flight of green and energy EU capital and industry into subsidised US markets which has not yet fully materialised affecting mostly battery investments</p> <p>Different climate goals</p> <p>Potential EU over-reliance on US liquefied gas exports</p> <p>EU Carbon Border Adjustment Mechanism (CBAM)</p> <p>Green steel and different EU-US approaches to decarbonisation</p>

Source: Author

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The Global South

Russia's war on Ukraine revealed an important growing distancing between the West and the 'Global South.' Although more than 140 countries condemned Russia's aggression on Ukraine and its violation of international law and called Moscow to withdraw its troops in UN General Assembly votes in 2022 and 2023, many are neither ready nor willing to impose economic or other sanctions on the Kremlin. Some countries have even [reinforced](#) cooperation with Russia.

Apart from not wanting to take the side of the US and the EU, the war also puts a spotlight on grievances that have been festering for much longer. The global 'food security' and 'cost-of-living' crises that have ensued after the war started only magnified this problem.

As geopolitical competition increases among bigger players such as the US and China, there is a host of middle powers, countries and international actors that do not want to get caught up in disputes they do not perceive as theirs.

This is particularly true for the 'Global South,' countries that for many years have been facing a multitude of crises for which the rich north has not devoted enough resources, as well as political and diplomatic attention. And if it did it was very often in a unilateral, patronising way.

The US and the EU need to prepare for the emergence of a pluripolar world order in which not even the strongest global actors are able to impose their will to weaker ones and several international players – state and non-state – vie for influence and power in a more contested and volatile external environment. Diplomacy and disputes will be much harder to conduct and to resolve given the number of contradicting interests and trade-offs.

Yet, such a world also opens opportunities for the EU and the US to re-engage under new terms and seek alliances and partnerships that will be crucial in keeping global stability and security as well as ending the conflict in Ukraine with a just peace.

Table 5

Policy Domain	Cooperation (formal & ad-hoc)	Gaps	'Irritants'
Relations with the 'Global South'	EU-US High-Level Consultations on the Indo-Pacific EU-US joint naval exercises in the Indo-Pacific	Coordinated countering of Chinese diplomacy and Chinese patient capital in the Global South Coordinated policies on development and assistance to Developing Countries Coordinated migration policies Coordinated global health policies Differing regional focuses and interests between the US (e.g., Latin and Central America) and the EU (e.g., North Africa) could prove difficult to build joint or coordinated approaches to key regions in the globe	US mini-lateralism in the Indo-Pacific (Quad, AUKUS, etc.) not including the EU or excluding EU countries such as France Different levels of commitment to international law and international human rights law. UN Conventions unsigned or unratified by the US, such as UNCLOS (United Nations Convention on the Law of the Sea) EU diversification to partners in the Global South, such as India , underscoring the idea of a pluripolar world

Source: Author

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Conclusion

Despite the ups and downs, the EU and the US currently enjoy a constructive and positive relationship. Dealing jointly with the difficulties that are likely to emerge from supporting Ukraine and framing Europe's future security architecture, relations with China, economic security, trade and tech ties, the green and energy transitions, and engagement with the Global South, will not be easy and even less so if the relationship deteriorates because of political or strategic differences between both sides of the Atlantic.

There is currently a window of opportunity to set-up 'transatlantic guardrails' that can keep ties on track for the longer-term. These safeguard mechanisms – which can be formal and informal; official or civil society affiliated – may be required and vary depending on several plausible scenarios that could include Biden 2.0; Trump 2.0; *Trumpian* President; Not-Biden Democrat; or Establishment Republican Party.

Beyond personalities, the EU and the US should also consider long-term trends and policies that are shaping the transatlantic relationship and go beyond momentary officeholders.

Indeed, Europeans and Americans, due to internal demographic, social, economic, cultural, and political changes on both sides of the Atlantic, look likely to diverge more than before on values and interests. Such developments will require much stronger transatlantic leadership and political commitment to keep relations from deteriorating to a point that no guardrail can be effective.

A common understanding on the basic tenets and interests that have provided more than 70 years of almost continuous peace, stability, and prosperity in the Euro-Atlantic space should be enough to motivate hearts and minds in Brussels and Washington.

About

This policy brief is a product of the [Transatlantic Expert Group](#) which was established by the Bertelsmann Stiftung together with the Bertelsmann Foundation in Washington, DC. The Transatlantic Expert Group identifies vulnerabilities arising from economic interdependencies, analyses the consequences for the political capacity of the EU and the US to act, and develops strategies to improve transatlantic cooperation in order to increase mutual resilience. The findings of the expert group are published in a series of policy briefs.

[You can find all policy briefs here.](#)

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The author is grateful for the research assistance provided by Raúl Villegas Barrera.

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