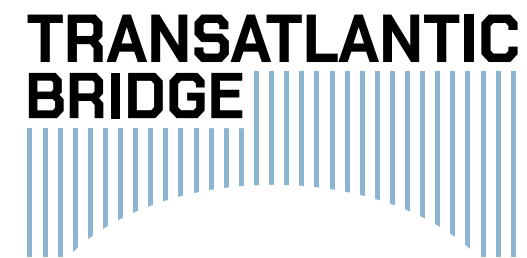


TRANSATLANTIC  
BRIDGE

ie  
UNIVERSITY  
GLOBAL POLICY  
CENTER

BEYOND ELECTORAL  
UNCERTAINTY:  
RETHINKING  
THE TRANSATLANTIC  
ALLIANCE IN TIMES  
OF CHANGE

*Coordinated by Ilke Toygür and Waya Quiviger  
Foreword by Cecilia Malmström  
Preface by Manuel Muñiz*



# BEYOND ELECTORAL UNCERTAINTY: RETHINKING THE TRANSATLANTIC ALLIANCE IN TIMES OF CHANGE

*A collaboration by:*

*Johns Hopkins School of Advanced International Studies (SAIS)*

*IE School of Politics, Economics and Global Affairs (SPEGA)*

*PSIA Sciences Po*

*Yale Jackson School of Global Affairs*

*Coordinated by Ilke Toygür and Waya Quiviger*

*Foreword by Cecilia Malmström*

*Preface by Manuel Muñiz*

*Authors:*

*Marnix Amand, Olga Belogolova, Anna Broughel, Anne Charbord,*

*Constance de Leusse, Paul Fehlinger, Eugene Finkel, Camille Grand,*

*Charlotte Halpern, Cecilia Malmström, Sergey Radchenko, Francisco*

*Seijo, Ilke Toygür, Nina Wiesehomeier*



**SciencesPo**

**Yale JACKSON SCHOOL  
OF GLOBAL AFFAIRS**

*Coordinated and  
published by*



*as part  
of the*



# Table of Contents

|    |   |
|----|---|
| 3  | Acknowledgements  |
| 4  | Navigating Uncertainty:<br>Insights from the Transatlantic Bridge Foresight Workshop                                      |
| 5  | Summary of Recommendations  |
| 7  | Foreword by Cecilia Malmström   |
| 11 | Preface and Introduction by Manuel Muñiz  |
| 15 | <b>Strategic Approaches:<br/>Transatlantic Collaboration across Policy Domains</b>  |
| 16 | 1. Democracy, human rights, and the rule of law<br>by Nina Wiesehomeier, Eugene Finkel, and Anne Charbord                 |
| 22 | 2. Foreign, security, and defense policy<br>by Ilke Toygür, Sergey Radchenko, and Camille Grand                           |
| 29 | 3. Trade, technology, and innovation<br>by Constance de Leusse, Olga Belogolova, Paul Fehlinger,<br>and Cecilia Malmström |
| 36 | 4. Energy, environment, and industrial policy<br>by Marnix Amand, Charlotte Halpern, Anna Broughel, and Francisco Seijo   |
| 41 | Conclusion  |

## Acknowledgements



This report marks the first printed collaboration between the partner universities of the Transatlantic Bridge: Johns Hopkins School of Advanced International Studies (SAIS), IE School of Politics, Economics and Global Affairs (SPEGA), PSIA Sciences Po, and Yale Jackson School of Global Affairs.

Special thanks are extended to Manuel Muñiz and Ángel Alonso of IE University for their leadership and support in fostering this transatlantic inter-university partnership. Thanks also goes to James Steinberg of Johns Hopkins University, Arancha González of Sciences Po, and Jim Levinsohn of Yale University. This policy report was produced under the guidance and supervision of Ilke Toygür and Waya Quiviger and edited by Alexandra Duffy. Their expertise and leadership have been pivotal in the development of this work.

The report summarizes and expands on the key takeaways and recommendations from a collaborative workshop on the potential impact of the 2024 elections in the United States and the European Parliament on various key dimensions of the transatlantic relationship.

The Transatlantic Bridge Foresight Workshop, part of the Transatlantic Bridge initiative, was hosted by the IE School of Politics, Economics and Global Affairs in March 2024 in Madrid, Spain. Thanks are extended to the Global Policy Center, curator of this workshop and this report, with a special recognition to Cristina Vicente Ruiz for her tireless assistance in bringing this endeavor to fruition. Gratitude is also extended to the Bertelsmann Foundation for its support.

Equal gratitude is extended to all the participants of the discussion for their valuable insights and thought-provoking contributions, and to the authors of the final report, with special thanks to the academic leads of each of the policy briefs: Marnix Amand, Constance de Leusse, Sergey Radchenko, and Nina Wiesehomeier.

Lastly, appreciation is extended to all those who have directly or indirectly contributed to this work, whether through organizing the workshop, providing feedback, or assisting with operations. Their support has been greatly valued and undoubtedly enhanced the outcome of this report.



# Navigating Uncertainty: Insights from the Transatlantic Bridge Foresight Workshop



From March 11-12, the Transatlantic Bridge Initiative convened for its second edition, gathering field experts and scholars from Johns Hopkins School of Advanced International Studies (SAIS), IE School of Politics, Economics and Global Affairs (SPEGA), PSIA Sciences Po, and Yale Jackson School of Global Affairs for a workshop held in Madrid at the premises of IE University.

The Transatlantic Bridge Foresight Workshop was curated by the Global Policy Center, the applied research center of IE SPEGA, and its insights led to this report. The workshop explored the potential impact of the 2024 elections in the United States, European Parliament, and worldwide on various dimensions of the transatlantic relationship. Participants engaged in discussions regarding current convergences, divergences, and threats across four key policy

domains: democracy, human rights, and the rule of law; foreign, security, and defense policy; trade, technology, and innovation; and energy, environment, and industrial policy.

Participants recognized that regardless of electoral outcomes, enhancing transatlantic collaboration offers numerous viable paths forward. They emphasized the imperative of strengthening dialogues, aligning policy approaches, and fostering joint initiatives, including through financial support and cross-sector integration, to safeguard democracy and security in the face of both existing and emerging threats. Moreover, efforts to pursue shared objectives related to environmental sustainability and technological development can reinforce the resilience of the transatlantic relationship.

# Summary of Recommendations

| Policy area                                  | Overview of current landscape  | Policy recommendations   |
|--|--|--|
| 1 - DEMOCRACY, HUMAN RIGHTS, AND RULE OF LAW | <p>Rising authoritarianism and erosion of democratic norms globally.</p> <p>Challenges to human rights, particularly in conflict zones and areas of political instability.</p> <p>Democratic threats include suppression of dissent, media censorship, and electoral interference.</p> | <p><b>Leverage democratic innovations to strengthen citizen representation</b> and drive collaboration across different levels of government.</p> <p><b>Support civil society in mobilizing public participation</b> and articulating citizen concerns.</p> <p><b>Enhance civil society's role in global governance</b> to strengthen advocacy for democratic principles in multilateral dialogues.</p>  |
| 2 - FOREIGN, SECURITY, AND DEFENSE POLICY    | <p>Heightened geopolitical tensions, particularly between major powers.</p> <p>Ongoing and emerging security threats from conflicts, including those in Ukraine and the Middle East.</p> <p>Challenges to multilateralism and traditional security alliances.</p>                      | <p><b>Formulate a forward-looking Ukraine strategy</b> for supporting the country in the medium to long-term, acknowledging the potential need to secure funding sources beyond American support.</p> <p><b>Devise a comprehensive strategy to strengthen the European pillar of NATO</b>, focused on enhanced capabilities and emphasizing partnership in cybersecurity and advocating for more formal agreements on intelligence sharing.</p> <p><b>Develop a China strategy that balances engagement and accountability</b>, considering the cost of non-alignment with the US.</p> |

| Policy area                                    | Overview of current landscape   | Policy recommendations  |
|--|---|---|
| 3 - TRADE, TECHNOLOGY, AND INNOVATION          | <p>Intensifying competition for technological supremacy, particularly between the US, China, and the EU.</p> <p>Rapid advancements in emerging technologies with implications for global trade and security.</p> <p>Regulatory divergence between the US and the EU, particularly in areas such as data privacy and digital governance.</p> | <p><b>Harmonize tech standards and norms</b> across the US and EU to reduce trade frictions and foster collaboration in emerging technologies.</p> <p><b>Establish a transatlantic investor network</b> to strategically allocate capital, driving innovation and fostering trust between the US and EU.</p> <p><b>Strengthen multilateral frameworks</b> like the WTO and the Trade and Technology Council to promote open trade, set standards, and address common challenges in tech and innovation.</p>   |
| 4 - ENERGY, ENVIRONMENT, AND INDUSTRIAL POLICY | <p>Diverging policy trajectories between the US and the EU, particularly in energy transition goals and climate policies.</p> <p>Growing energy supply chain vulnerabilities and trade tensions.</p> <p>Need for effective policies to achieve net-zero emissions targets by 2050.</p>  | <p><b>Expand the use of nuclear energy technology</b>, specifically by extending the lifespan of existing reactors, recommissioning decommissioned ones, and expanding nuclear fleet capacity.</p> <p><b>Increase investment in rural development</b> by promoting near-shoring of high-value agri-food production, reinforcing forestry cooperation, and piloting regional initiatives led through public-private partnerships.</p> <p><b>Invest in clean mobility</b> by reducing fiscal costs, reassessing US-EU competition to reduce mineral dependency, and promoting high-quality standards in the automobile industry to improve the durability of batteries and regulate end-of-life vehicles.</p> |

# Setting the Stage: Transatlantic Relations after a Super-Electoral Year

Foreword  
Cecilia Malmström, Senior Fellow, PIIE

Overall, transatlantic relations remain strong. After the Second World War, Europe and the United States cooperated, under American leadership, to establish the global institutions that would help us manage the post-war challenges. Together, we built the international architecture to uphold the liberal world order standing against anarchy and authoritarianism.

We formed the North Atlantic Treaty Organization (NATO) for security against the emerging communist bloc. We saw the birth of the United Nations to foster cooperation on a grander scale. The Bretton Woods Conference laid the ground for the post-war financial system with the World Bank and the International Monetary Fund (IMF). A bit later, the creation of the General Agreement on Trade and Tariffs (GATT) which then became the World Trade Organization (WTO), aimed to promote stability and open trade. The United States was instrumental in creating the global trading system characterized by openness, increased liberalization, and international norms and rules.

Modern liberal Europe was possible due to the help of the United States. The purpose of the Marshall Plan was to build a democratic and peaceful Europe to establish freedom and democracy at the heart of the global order. And that plan, with all its flaws, was successful.

And it worked for a long time. Yes, there were conflicts and deep divisions. But overall, the global world order

survived. The fall of the Berlin Wall and the collapse of the Soviet empire, saw the unification of Europe and brought about an unprecedented era of democratization, global cooperation, trade liberalization and close transatlantic cooperation.

Until recently. The last decade has witnessed growing protectionism on both sides of the Atlantic, the global erosion of democracy, Russia’s brutal invasion of Ukraine, the geopoliticization of trade, increasing isolationism in the US Congress, and the comeback of industrial policy. These are some of the challenges Europe must confront, independently of who sits in the White House.

## Elections on both sides of the pond

This year is an election year with many uncertainties. In June, citizens of 27 EU countries will elect 720 members of the European Parliament. In November, American voters will elect their new President. The results will have consequences beyond Europe and the United States. We might see the comeback of President Trump and some new leaders in Europe. We will most certainly see a more polarized European Parliament. This could affect policies on climate, trade, Ukraine, and international cooperation. A new Commission will also be appointed. Should Trump be elected again, this will be a challenge to transatlantic relations.



After Donald Trump urged Russia “to do what the hell they want” with NATO members not living up to the two percent requirement, there are serious concerns about the future of NATO. Europe needs to take a stronger role and scale up its own defense capabilities. Intense discussions are ongoing among member states, including on how to finance a rearmament. Europe is also preparing to further increase its support to Ukraine.

Donald Trump, who famously declared that “trade wars are good and easy to win” during his first presidency, has flagged his intention to impose a 10 percent flat tariff on all imports and an additional 50 percent on China. And it is likely that he means it, we have seen it before. Will a Trump administration also leave the WTO?

## The way forward

Europeans must acknowledge that 90 percent of global growth is happening outside Europe; the need to become more competitive is urgent. We must reform and strengthen the internal market. It is often called the jewel of European cooperation and it is highly attractive for our partners. Yet, there are still important obstacles until the single market is complete. Technical issues related to standards, public procurement procedures, simplifications, licenses, and certificates, could have profound impact on internal trade and growth, as many studies show. Two Italian former Prime ministers, Mario Draghi and Enrico Letta, have been tasked by the commission and the European council to come with suggestions on how to strengthen European competitiveness and reform the internal market. Their reports will hopefully result in concrete proposals as soon as the new commission is confirmed later this fall. A modernized and strengthened internal market is the best way to secure competitiveness and growth.

Furthermore, the European Union must increase its engagement with other countries and create strong alliances. This can be done through free trade agreements and different kinds of partnership agreements.

We need to strengthen existing agreements with Japan, Canada, Singapore, Vietnam to ensure they meet current trade demands. Agreements with New Zealand and Chile have just entered into force. Despite reforms, it has been difficult to pass the EU-Mercosur Free Trade agreement; a solution to this deadlock needs to be found. The countries involved are close partners of Europe, and almost all EU member countries are keen to see the deal enter into force. Strengthening our ties with Brazil and Argentina (and Paraguay and Uruguay), would be of outmost geopolitical importance, especially considering that China is now the most important trading partner for the Latin American continent.

Europe should also resume trade negotiations with Australia, finalize the very last details with Mexico (an agreement that has been concluded “in principle” already in 2020) and try to advance with Indonesia, and India. The European Union should furthermore seek to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). It is a dynamic agreement where Europe could help developing standards. It would strengthen our strategic alliance in that region and send a strong geopolitical message. Finally, the EU should also adhere to the Digital Economic Partnership Agreement (DEPA).

At the same time, despite the difficulties, the EU must continue to work with a broad group of like-minded countries to try to reform and strengthen the WTO. The WTO could ideally play a key role in supervising carbon pricing across different jurisdictions and facilitate discussions on addressing the global surge in industrial subsidies.

Europe needs to find a joint strategy on China. Derisking is wise for critical minerals, but more than 90 percent of our trade with China is not vulnerable. We need to engage with China on green trade, on climate, and on reforming the WTO. We have important trade defense instruments; we should use them wisely. Companies are already diversifying and making their supply chains more



sustainable and flexible. Dismantling functioning value chains risks reducing trade and increasing prices for customers and companies.

With the United States (and other similarly aligned countries) more work can be done on critical minerals. After the failure of TTIP, there is no trade agreement between the European Union and the United States. But now an innovative deal is in the making concerning raw material, similar to one recently made between the United States and Japan. It concerns rare earth metals. The dependence on these minerals—cobalt, lithium, bauxite, nickel, copper—is vital to the production of computers and phones, weapons, but also in batteries, wind turbines, and electric vehicles. They are essential to the new green technology needed for the climate transition.

The problem is that the European Union is 85-90 percent dependent on rare earth metals from China, which owns or controls the extracting and mining processes in many countries. The United States is in the same situation. No or negligible extraction is done in either the European Union or the United States.

With tension rising between China and the West, the need to diversify vulnerable supply chains has become acute. Several EU countries possess these minerals underground, but investment costs are high, and permit procedures, environmental impact assessments, etc., are lengthy and complicated. The European Global gateway project has initiated some joint investment and partnership initiatives, which present a fruitful way forward. Considering joint investment and collaborating with countries who are already mining or processing these minerals could also contribute to making the process more sustainable and allow host countries to keep a larger share of the revenues. This would reduce dependence on China.

The Trade and Technology Council (TTC), created in September 2021, has been a forum for discussion and the building of trust in sectors of common transatlantic interest. It is, however, largely a talking shop and there is a general view that it has been underused. The TTC can become much more focused and serve as a forum to agree on joint standards and conformity assessments in AI, pharma, and technology and digital. The latest (and last?)

meeting was held in Leuven, Belgium in April. Partners all declared their satisfaction with the Council. If there is a change in the White House, hopefully the good relations on working group level will endure. If President Biden is re-elected, the TTC should definitely scale up its ambitions.

Finally, a solution must be found on the EU's Carbon Border Adjustment Mechanism (CBAM), as it risks becoming a new irritant in the transatlantic relationship. CBAM aims to reduce carbon leakage but also create a fairer, level playing field. This is yet another area where the EU is the first mover, but a way forward to recognize other types of carbon pricing is still lacking. After the elections, Europe and the United States should aim to create some kind of carbon club or consortium, alongside others with similar carbon pricing.

## Conclusion

The transatlantic relationship has been one of the most significant in the world in terms of security, politics, and economics. Europe and the United States trade more than one trillion US dollars' worth of goods and services every year, \$3.6 billion every day. More than sixteen million jobs are supported by the transatlantic economy. We can achieve fantastic things if we stick together. However, the transatlantic relationship can soon become very challenging. We must swiftly identify concrete areas where we can cooperate for mutual benefit, involving business, academia, states, and cities in a more comprehensive way. This publication further outlines some concrete ideas for maintaining and strengthening transatlantic relations.

# Preface and Introduction

**Manuel Muñiz**, Provost, IE University and  
Chair, Global Policy Center

The last decade has witnessed a surge in complex geopolitical tensions that present substantial challenges to the world order. Current tensions stem from a variety of sources, including the continuing effects of the Covid-19 pandemic, the war in Ukraine, the Gaza Conflict, and US-China competition for global hegemony. Against a backdrop of escalating conflicts, the liberal democratic model is being challenged, faced with a new multipolar model in constant flux and increasingly obsolete structures of global governance.

Given this tumultuous international landscape, transatlantic relations are significantly influenced by external pressures and divergent strategic positions. These include growing protectionism measures in trade relations, evolving US and EU policies towards China, Russia's geopolitical challenges to the EU, and heightened competition in technology and innovation competition as a means to augment global influence.

Adding further complexity to this milieu, we find ourselves in a year where more than half of the world's population is called to the polls, a juncture that could have significant implications for the future of democracies.

Particularly noteworthy are the elections in the United States and the European Parliament, given their significance not only for the future of transatlantic relations in the coming decades, but also for their potential ripple effects across the globe.

We are thus witnessing a pivotal moment, marked by uncertainty and complexity, where conversations on the future of democratic partnerships such as the transatlantic relationship are paramount for delineating scenarios, safeguarding against potential adverse impacts, and jointly defining the best possible path forward. This approach is

crucial for ensuring the future of liberal democracies.

Europe and the US share numerous ties that extended beyond mere historical connections: their common values and worldviews are the most evident among them. This alignment is the result of many decades of mutual understanding and of diplomatic efforts, which have elevated the liberal democratic model as the cornerstone of the world order. However, this model is now increasingly challenged by the growing influence of illiberal leaders and non-democratic states, which offer new perspectives and alternative forms of governance.

In this context, the transatlantic partners must navigate alternative viewpoints while simultaneously maintaining their own competitiveness and identifying policy arenas conducive to cooperation. Additionally, the US and EU must collaborate to find common ground with the increasingly relevant global powers emerging from the South. This region, characterized by a diverse political mix, holds growing economic and political significance, making collaboration imperative for addressing shared challenges effectively.

Yet another layer of complexity in transatlantic relations arises from Europe's increasing policy leadership. Historically, Europe has often played a secondary role, aligning with and following US decisions in international policy matters. However, this dynamic, already in flux, may undergo a more permanent shift, especially if Trump secures re-election.

A potential Trump re-election could prompt a significant shift in US foreign policy focus towards the Asia-Pacific region, potentially resulting in fewer resources allocated to safeguarding its alliance with Europe. In this scenario, Europe could find itself grappling with US abandonment.





This potential distancing will also impact the need for a greater European defense capability, and the assertion of an independent European voice in global affairs. Undoubtedly, such distancing would carry serious consequences for the continuity of transatlantic relations, potentially signaling a failure of the rules-based world order and the shared world order model. It could also pose challenges for Europe's survival, as it may not be fully prepared to assume a global role on its own. Therefore, it is essential to anticipate how Europe may step forward to champion certain ideals while also addressing its own urgent needs in the absence of close ties with the US – including defense, energy security, economic competitiveness (especially in tech and innovation), and more. Prioritizing these areas will be crucial for Europe's resilience and its ability to navigate a new world order independently.

In this context, we find ourselves at a critical moment for transatlantic relations. It is a time where the necessity

to protect a model that has underpinned the ascent of Western democracies converges with the challenge of adapting to changing times and coexisting with other spheres of power and varied worldviews.

A robust transatlantic partnership can play a pivotal role of protecting democracy and prosperity without any country assuming the position of global hegemon. In the face of global uncertainty, the US and EU should remain steadfast, ensuring that domestic threats to democracy and external pressures do not undermine their partnership or erode their relationship.

At the core of this relationship lies a shared commitment to liberal democracy. By bolstering this partnership, Western democracies can maintain their leadership while encouraging international cooperation with other regions and actors in a multipolar world. Together, we can guarantee the survival of the liberal democratic model for shared peace and prosperity.

## About the report

This report highlights how democratic principles, and the collaboration founded on these principles, are threatened not only by the direct uncertainty of electoral results in Europe and the US but also by the broader trend of democratic backsliding. Critical moments such as economic crises, the COVID-19 pandemic, and conflicts like those in Russia-Ukraine and Israel-Gaza have contributed to democratic erosion, increasing polarization and populism, with adverse effects on governments in both the US and Europe.

Furthermore, this report highlights that while certain material differences, especially economically, contribute to the motivation for divergence, US and EU policies have been diverging more broadly in terms of their vision for approaching new challenges. Thus, the upcoming elections on both sides of the Atlantic compel us to, if not repair fissures, strengthen existing collaboration where it remains strong in the face of uncertain repercussions.

On the one hand, European outcomes that fuel populist extremes could steer European politics away from its international focus, as well as from its commitment to a global role, prioritizing nationalist agendas aimed exclusively at strengthening national sovereignty. On the other hand, US results bringing the return of a Trump administration could also have a devastating effect on the European continent, NATO, and other international organizations. A disengagement of the US from the international system would pose serious threats to Europe and the liberal democratic model.

Hence, the high risks confronting us this year underscore the importance of preserving the utmost collaboration between the US and the EU, while also opening new avenues of dialogue that allow for understanding that transcends electoral outcomes. In this context, it is especially critical to strengthen ties in trade, technology, and innovation, as well as harmonizing strategies concerning the environment

and industrial policy. Collaboration on issues of security and defense is equally indispensable for the transatlantic relationship.

Therefore, as outlined in the following policy briefs, the optimal approach entails an ironing out of differences, acknowledging strengths, and proactively anticipating future scenarios to define appropriate policy recommendations, especially as the 2024 elections draw near. The ensuing report is an integral analysis of four key policy domains within the transatlantic relationship, namely democracy, human rights, and the rule of law; foreign, security, and defense policy; trade, technology, and innovation; and energy, environment, and industrial policy. It presents ideas and recommendations to strengthen the transatlantic partnership in response to evolving challenges and opportunities.

## The role of the GPC

IE University's Global Policy Center (GPC) has consistently supported the study and research of the topics covered in this report, notably through its participation and leadership in the Transatlantic Bridge Alliance (TAB). This collaborative endeavor is dedicated to maintaining the fundamental values and principles that form the basis of transatlantic relations and works to foster applied and interdisciplinary work on the Atlantic world, its many challenges and the numerous opportunities available for cooperation.

Commencing in 2023 with the inaugural Transatlantic Conference in Madrid and Segovia, themed "Is the Transatlantic Relation Back from the Dead, and for What?", the initiative brought together prominent academics, practitioners, and fellows to address issues of paramount importance to the transatlantic community.





Building on the success of this foundational conference, our collaborative efforts have expanded to encompass two main components: the Transatlantic Strategic Foresight Workshop and the Transatlantic Bridge Conference. Respectively, these two endeavors serve to engage leading academics in an annual exercise of strategic foresight and as a platform for experts and professionals to explore crucial global issues.

This year, the inaugural Transatlantic Bridge Strategic Foresight Workshop 2024, held in March at the IE Tower in Madrid, featured discussions with distinguished

participants emphasizing the importance of transatlantic forums as we navigate turbulent times on the global stage.

Against the backdrop of the 2024 elections in the United States, the European Parliament, and other key countries, the discussions delved into the potential impacts on various dimensions of the transatlantic relationship. Through deliberations focused on Foreign and Security Policy, Economic and Trade and Industrial Policy, Technology and Innovation, as well as Environmental and Energy Policy, we have been charting a course towards vital concrete policy recommendations for transatlantic cooperation.

With a forward-looking perspective, it is imperative to maintain optimism and a firm commitment to collaboration. As Provost of IE University and Chair of the Global Policy Center, I underscore that our role as academic institutions is vital to addressing global challenges collectively and adapting to change through anticipation, foresight, and interdisciplinary approaches to policymaking.

In closing, I am reminded of the words of Heather A. Conley, President of the German Marshall Fund, who recently championed the importance of continued collaboration between Europe and the United States during her visit to Madrid. Through our collective efforts to enhance transatlantic conversation, let us embrace a shared purpose and strive toward a future where Atlantic cooperation remains firm and resilient. As Heather said, “never alone, always together.”

I extend my heartfelt gratitude to the authors of this report for their valuable contributions to transatlantic policy discourse. May our deliberations be fruitful and pave the way for enhanced understanding and cooperation across the transatlantic divide.

# Strategic Approaches: Transatlantic Collaboration across Policy Domains



# Democracy, human rights, and the rule of law

## Authors

**Nina Wiesehomeier**, Associate Professor of Comparative Politics, School of Politics, Economics and Global Affairs, IE University

**Eugene Finkel**, Kenneth H. Keller Associate Professor, Johns Hopkins SAIS

**Anne Charbord**, Law Lecturer, Sciences Po

## Introduction: Understanding the democratic crisis

Across the globe, democratic backsliding has reversed democratization processes that, in the early 1990s, led to the famous proclamation of “[the end of history](#),” and the expectation of liberal democracy becoming ‘the only game in town.’ Yet, autocratization processes have obliterated advances made, bringing the [global level of democracy down to levels last seen in 1986](#). While an important pillar of transatlantic relations rests on a shared understanding of democracy and common values, including the protection of human rights and the abidance by the rule of law, global events such as economic shocks (e.g., the 2008 crisis, globalization), the COVID-19 pandemic, and conflicts like the Russia-Ukraine and Israel-Gaza wars, contribute to heightened feelings of uncertainty and anxiety among many voters.

These uncertainties are skillfully [exploited](#) by actors with authoritarian tendencies, particularly populists, who have seen electoral gains and victories in both the US and across European countries. However, the roots of this crisis within representative democracy and its core institutions go back decades.

There has been an overly optimistic reliance on formal institutions, whether national, regional, or international, to maintain democracy and ensure respect for human rights and the rule of law.

Despite the importance of formal institutions, it is becoming increasingly evident that citizen engagement and civil society activism are essential for sustaining democratic ideals.

**Both sides of the Atlantic must recognize the necessity of citizen participation and robust civil society organizations in safeguarding democratic principles.**

## Democratic erosion: Challenges and responses in the US and EU

Democratic backsliding primarily stems from internal erosion of democratic principles. Indeed, institutional structures thought to safeguard liberal democracy (e.g., mechanisms of horizontal accountability, such as judicial independence and the integrity of elections) are often the first victims. Dismantled from within, these bodies cease to realize crucial oversight functions. Formal institutions are therefore a necessary, but not sufficient condition for maintaining democratic governance.

Around the world, outright autocrats and actors with autocratic tendencies recognize the significance of actors, spaces, and practices that provide checks and balances outside the institutional and electoral framework, shaping their strategies to advance their political objectives. Large-scale popular mobilizations and unified civil society opposition have proven instrumental in [aiding democracy’s resilience](#). However, attacks on and censorship of civil society organizations, media outlets, and restrictions on freedom of expression are common features among nations experiencing democratic backsliding. Such [repressive measures](#) have significantly constrained the spaces available for political activism.

The common “[illiberal playbook](#)” has not only been followed by many actors in power but also exerted a broader influence on political dynamics. In the EU, the success of illiberal actors in recent elections, predominately radical-right wing parties, has led mainstream left- and right-wing parties in many countries to adopt “[copycat](#)” strategies, particularly by embracing stricter stances on immigration. In the US context, the four years of the Trump presidency were characterized by attacks on press freedom and a migration policy that encompassed a Muslim ban and a family separation policy, deemed “government-sanctioned child abuse”

by [the UN Commissioner for Human Rights](#). While President Biden has reaffirmed the importance of human rights in US [foreign policy](#) and returned to a more traditional multilateral approach, notably by rejoining the UN Human Rights Council in 2021, his administration has also retained [certain migration policy elements](#) from his predecessor.

The potential re-election of Trump in the upcoming US presidential election and the [anticipated right-wing surge](#) in the 2024 EU parliament elections pose significant threats to democracy, the rule of law, and human rights.

**Both the US and European countries, acting individually or collectively as the EU, have failed to live up to their self-ascribed role as human rights and democracy leaders on national and global stages.**

The US approach to multilateral engagement on human rights issues has been characterized by a limited acceptance of the primacy of international human rights law, contributing to the country’s growing isolation on the global stage. This trend has intensified following events like 9/11, which led to policies of securitization and human rights violations.





The legacy of Guantanamo Bay epitomizes this tendency, characterized by unchecked extraterritorial use of force and of surveillance, both domestically and internationally.

The Trump presidency, based on an “America First” platform, led to a “[waged assault on international law](#)”, including human rights law. This assault was evident not only in the withdrawal from key institutions as the UNESCO and the UN Human Rights Council in 2018 but also from a range of non-binding arrangements, such as the Global Compact for Safe, Orderly and Regular Migration and the Global Compact on Refugees. The United States’ engagement, or lack thereof, on human rights issues directly impacts human rights globally. For instance, its withdrawal from the Human Rights Council, created a vacuum that allowed other countries less intent on advancing human rights to enter. China’s election to the

council in 2020 prevented debates over the situation in Xinjiang, providing a platform to promote its sovereignty-oriented vision of human rights, and contributing [to Russia’s and China’s](#) funding cuts for human rights positions.

While the EU has stated its [willingness](#) to engage in multilateral processes, including the UN, to address human rights issues, populist and anti-internationalist governments and populist parties have already undermined the EU’s effectiveness. The erosion of European unity has weakened the EU’s influence within multilateral institutions and has also had repercussions domestically.

Despite its enhanced observer status in the UN, which gives the EU a voice in the General Assembly and Human Rights Council, the EU has faced challenges in maintaining a unified stance on human rights issues. While it endeavors to uphold a common position within these bodies, voting cohesion has been weakened by individual geopolitical and economic interests among EU member states. This was evident in 2017 when Greece opposed an EU statement on China in the Human Rights Council, and again in 2018 when nine EU member States rejected the UN Global Compact for Migration after a campaign led by the right-wing populist Hungarian government. Such positions directly contradict the EU’s external action human rights agenda and thus challenge the values that the EU openly claims to share and defend. At the same time, the EU Commission’s inability to adopt measures against Poland and Hungary over concerns about the rule of law undermines its credibility as a human rights and rule of law soft power.

## Policy recommendations: areas of focus and action

The contemporary phenomenon of incremental democratic backsliding has made the identification of blatant violations of democratic principles increasingly challenging. Despite the persistent importance of functioning of formal institutions, democracy relies on a committed and active citizenry willing to mobilize to protect democratic ideals and values, holding officeholders accountable. Thus, policymakers in the US and the EU should prioritize actions that strengthen and increase the likelihood of survival of these ideals.

The resulting focus must be whether democracy and democratic institutions, in their current form, are equipped to survive in an increasingly fast-changing world and absorb systemic shocks. Transatlantic policymakers should therefore proactively focus their efforts to democratic deepening on two distinct, but interconnected levels: empowering individual citizens and supporting

civil society organizations. This task can be approached through three mechanisms: strengthening modes of representation, strengthening modes of participation, and strengthening global governance.

## Strengthening modes of representation

Ordinary citizens increasingly favor reforms that seek to build a common agenda of democratic participation and [demand a greater say in policymaking](#). Recent interest in [democratic innovations](#) highlights opportunities for a more creative approach to the strengthening of democratic values, human rights and the rule of law in transatlantic relations.

Policymakers should prioritize nurturing and maintaining spaces and practices that promote “horizontal accountability” in-between elections. For example, the recent proliferation of deliberative spaces such as Citizen Assemblies provides promising models of how [divisive](#), and [complex](#) issues can be tackled constructively, fostering societal trust and countering polarization. Given that polarization is often fueled by disinformation, which is increasingly generated and spread by AI, steps for transnational regulations should be taken promptly (see also, *Trade, technology, and innovation*).

Collaboration among political parties and policymakers across different levels of governance can facilitate the exchange of ideas and identify replicable initiatives, such as Connecting To Congress, or the proposal for a permanent EU-wide Citizen Assembly. Citizen-based networks of deliberation and exchange may also vitalize the transatlantic human rights approach, drawing inspiration from events like 2021 Global Assembly on Climate change as template for adaptation.

Strengthening modes of participation

Fostering democratic values and ideals is crucial for creating a citizenry willing and able to mobilize proactively rather than reactively. Historical evidence from the early 21st century suggests that public mobilization is likely in response to government misdeeds and egregious breaches of democracy and the rule of law. Germany and Poland also provide more recent examples: since late 2023, German citizens have protested the far-right Alternative for Germany (AfD) ‘remigration’ plans to deport millions of asylum seekers and German nationals of foreign origin. Similarly, in Poland, thousands of Polish citizens took to the streets in a series of protests against judiciary reforms, forcing the far-right PiS government to backtrack. Notably, the ongoing initiative of Polish judges to tour towns in a “[Tour de Konstytucja](#)” to bring the constitution and thus the rule of law closer to citizens is a remarkable undertaking to uphold democratic principles.

Civil society can also strengthen and protect democracy, rule of law and human rights when under attack from domestic actors. Civil society groups play an essential role in articulating citizen concerns and demands and presenting them to both the public and the government. They are instrumental in building just, inclusive societies and in responding to crisis and situations of conflict. NGOs have the administrative resources and know-how to organize and advertise collective action, the outreach needed to bring protestors out to the streets, and the messaging and media capacities to make their voices heard or legal resources to challenge threats to democracy and human rights violence in courts. NGOs might also enable citizens to become more effective in their political activism; in turn, pro-democracy activism can lead citizens to form NGOs committed to democracy and rule of law across apolitical lines.

Strengthening global governance

Civil society actors are not only important domestically, but also serve to call attention to pressing issues and aggregate demands internationally. Despite the existence of so-called [dialogue forums](#), these venues tend to allow only limited influence for civil society, reducing effective access to important international players, such as the WTO, IMF, and even the UN. International organizations and other entities must include civil society as partners to further enable genuine participation.

Furthermore, proactive activism can help bring potential threats to democracy, rule of law and human rights into domestic and international spotlights, as well as facilitate coalition-building. However, with the shrinking space for civil society in some countries, recognition of the shift to more atomized, informal social movements is needed. The EU has begun adjusting its support programs accordingly, but this process requires further development. International organizations should also support civil society actors to broaden their domestic base and strengthen links within their own societies. Transatlantic policymakers should also further mobilize the UN to counteract the constraints faced by civil society in these shrinking spaces. Transatlantic policymakers must increase the visibility of civil society and bolster their recognition as important conduits in the international sphere. This would not only send a strong signal against the domestic curtailing of their operational freedom but also fortify their role as vital channels for global engagement and advocacy.

Summary table:  
Transatlantic policy focus areas for safeguarding democratic principles in an uncertain electoral landscape

| Mechanisms for deepening democratic principles | Level of engagement  |  |
|--|--|--|
|  | Individual citizens  | Civil society  |
|  | Governments on both sides of the Atlantic should capitalize on increased interest in democratic innovations, such as Citizen Assemblies, and pursue opportunities for novel forms of citizen representation and collaboration across levels of government. | Transatlantic policymakers should encourage civil society organizations to foment citizen-based networks of deliberation and exchange.   |
|  | Both in the US and EU, government at multiple levels must recognize the important role that public mobilization can play in upholding democratic principles.   | Transatlantic policymakers should recognize and support civil society as vehicles for democratic participation.  |
| Strengthening modes of representation          |  |  |
| Strengthening modes of participation           |  |  |
| Strengthening global governance                |  | Transatlantic policymakers must increase the visibility of civil society and bolster their recognition as important conduits in the international sphere, pushing for greater participation from civil society in global governance. |



# Foreign, security, and defense policy

## Authors

**Dr. Ilke Toygür**, Director, Global Policy Center; Professor of Geopolitics of Europe, School of Politics, Economics and Global Affairs, IE University

**Dr. Sergey Radchenko**, Wilson E. Schmidt Distinguished Professor, Johns Hopkins SAIS

**Camille Grand**, Distinguished Policy Fellow, European Council on Foreign Relations (ECFR); Lecturer, Sciences Po

## Introduction: Ever-changing transatlantic relations

Throughout history, transatlantic relations have witnessed significant shifts driven by global geopolitical changes and divergent policy stances. The 21st century has been no different. The Iraq war led to divisions while the Trump era prompted a new thinking in Europe – partly shaped by the belief that, for the first time, an American president could indeed hinder European integration.

During Donald Trump's presidency tensions over trade, security commitments, and multilateralism tested the resilience of this historic alliance. Russia's full-scale invasion of Ukraine rekindled the relationship out of necessity, yet uncertainty and mounting risks, including the increasing likelihood of Donald Trump's return to power, underscore the need for long-term analysis and planning.

As 2024 edges forward, the transatlantic relationship faces challenges. The prospect of the further polarization of the American political landscape and the [possible impact of the so-called New Right](#), Russia's creeping annexation of Ukraine, escalating hostilities in the Middle East, and complex and evolving relations with China put foreign and security policy at the center of the transatlantic relationship.

## Monitoring the war in Ukraine, a more European NATO, and relations with China

### *The War in Ukraine as the big known unknown*

Any discussion of foreign and security policy challenges in the transatlantic relationship must begin with Ukraine. Kyiv's unanticipated and robust resistance to Russia's aggression, now in its third year, defies early predictions of a collapse within days or weeks, continues to impress. However, prospects for a Ukrainian victory still appear uncertain.

Despite sweeping Western sanctions, Russia has managed to maintain economic stability and even returned to modest growth. With a military budget currently at about 6% of GDP – the highest since the Cold War – the Kremlin has relatively skillfully circumvented sanctions, importing vital dual-use technologies, particularly from China. It has bolstered military production and procured weapons and ammunition from Iran and North Korea. While the growing militarization of the Russian economy is not compatible with long-term economic growth, Russia possesses the means to continue the war for the foreseeable future.

Ukrainian forces have achieved remarkable successes since February 2022, turning a three-days war into a lasting and quite balanced conflict, achieving some spectacular successes in the Black Sea, contesting the airspace to the Russian air power, targeting Russian infrastructure, inflicting severe casualties to Russian forces and waging a successful counter offensive freeing a large portion of the occupied Ukrainian territory.

In a conflict that has become a war of attrition, Ukraine, however, increasingly struggles to combat a numerically superior and a well-armed adversary. Kyiv's challenges go far beyond insufficient ammunition – the most immediate reason for its recent limited territorial losses in Donbas. Ukraine's war economy relies heavily on direct fiscal and material support from its Western allies. After long delays, [the US Congress finally unblocked](#) the \$61 billion of Ukraine aid at the end of April 2024, and together with the EU's agreement on a €50 billion 3-year-package approved in February 2024, the mood in Kyiv temporarily improved. But the bickering and arm-twisting that accompanied these breakthroughs offer little cause for long-term optimism. In this context, President Volodymyr Zelensky's ambitious war aims, including the restoration of the country's 1991 borders, seem increasingly difficult to achieve.

Accordingly, managing the situation in Ukraine will be the key challenge for the transatlantic partners moving forward. There is no guarantee of indefinite US support, especially in the event of a Donald Trump victory. The former president has already claimed that he would end the war [within 24 hours](#), posing a threat to Ukrainian interests. The Europeans, who have ramped up their support, are not able to cover easily for a new disruption in US military aid. Thus, Ukraine policy will remain a crucial point of discussion.



## Transatlantic security architecture: A more European NATO

With Finland's and Sweden's accession to NATO, the Western alliance is arguably stronger today than ever before, potentially possessing the capability to effectively deter Russia even if Putin were to achieve something resembling a victory in Ukraine.

Indeed, European apprehension about Trump's possible victory and Russia's resurgence have led to growing investment in defense, [with 18 NATO member states already meeting the 2% threshold in 2023](#). NATO itself now sees 2% as the floor and not the ceiling of the member states' defense spending. Europe's defense industry – long focused on niche domestic and export markets – is showing signs of revival. **Therefore, it is premature to declare that NATO is in crisis; if anything, many indicators suggest the contrary.**

Having said that, certain European countries, notably Hungary and recently Slovakia, are at best hesitant to endorse the strategy of bleeding Russia economically and at worst actively working to subvert it. These countries, potentially joined by others in the medium term, may push for a shift in European policy towards an accommodation with Russia. The major uncertainty lies the direction of the United States. If Trump returns to the White House and pursues re-engagement with Russia, the common transatlantic policy of containment may indeed unravel. Beyond the Republican candidate, the broader US debate with a polarized Congress, a legitimate strategic focus on the Indo-Pacific and constrained resources, suggests a profound transformation of the transatlantic relationship.

Another strategic issue looms regardless of the outcome of the US elections in November: the United States' involvement in [“leading and managing, and occasionally micromanaging Europe's defense”](#).

This influence extends beyond nuclear deterrence to command structures and reliance on US intelligence. While US dominance was acceptable in the immediate aftermath of World War II, today, with the rise of China as a central focus of US foreign policy, it is unlikely that the United States will indefinitely provide unlimited support to Europe as it did in the past.

The need for Europeans to assume greater responsibility for their own security, thereby strengthening the European pillar of the NATO, is an ongoing conversation on both sides of the Atlantic. The starting point for this would involve integrating efforts and increasing coordination within the EU and between the EU and NATO. Building organizational and industrial capacity is foundational to advancing this conversation.

## Relations with China: At the heart of transatlantic relations

China's role in transatlantic relations has become increasingly prominent, reflecting its growing economic, political, and strategic influence globally. Both the United States and the European Union share common concerns regarding China's rise, particularly regarding trade practices, intellectual property rights, and human rights. Additionally, there is a shared recognition of the need to address China's assertive behavior in the Indo-Pacific region and its impact on international norms and institutions.

However, notable divergences in approach exist between the US and the EU. While the US has adopted a confrontational stance towards China, emphasizing competition and strategic rivalry, the EU has tended towards a more nuanced approach, seeking to balance economic engagement with assertiveness on issues such as technological competition.

These differing perspectives reflect the complex interests and priorities of transatlantic partners and further underline the challenges of forging a unified strategy towards China amidst evolving global dynamics. Resilience to risks that might come from over-partnering with China and countering its influence in the world state will remain contentious between the transatlantic allies regardless of who is in the White House.

## Policy recommendations

Trump's potential reelection as President presents a risk distinct from that posed by Russia. While Russia represents a long-term security threat that can be addressed by building up Western resilience, the impact of Trump's presidency is less easily quantifiable. Despite fears, his previous presidency, while highly disruptive, did not withdraw the United States from NATO. However, this possibility remains either de jure or de facto, and in the worst-case scenario, a US retreat from Europe, would leave room for Europeans to pursue its long-advertised strategic autonomy.

To prepare for a worst-case scenario, Europeans should focus on three key domains: A) formulating a forward-looking Ukraine strategy; B) devising a strategy to strengthen the European pillar of NATO; and C) developing a China strategy that accounts for the cost of non-alignment with the US. These areas, along with transatlantic trade relations (see also, Trade, technology, and innovation), will be pivotal in defining Europe's strategic posture and response to emerging challenges. The European Union and its member states should prepare to assert an independent stance. While achieving European unity poses its own challenges, the conversation is undeniably progressing towards recognizing the necessity of autonomous action.

## A. Policy priorities for a forward-looking Ukraine strategy:

The cornerstone of devising an effective approach to Ukraine is Europe's readiness to provide sustained support to the country in the medium to long term. In this sense, support for Ukraine may encompass economic aid, humanitarian assistance, political backing, security aid, reform assistance, energy support, institutional capacity building, and infrastructure development to address immediate challenges and strengthen resilience. Granting the Ukraine candidacy status for EU accession officially recognizes this responsibility. However, there will be numerous critical junctures requiring resolute action. From addressing the use of Russian frozen assets to deliberating the deployment of European forces in Ukraine (mostly for training purposes), there are various open debates in Europe. The primary challenge now is not Ukraine's long-term development but the potential scenarios if a) Ukraine experiences a meltdown or b) a stalemate ensues. In the event of a meltdown, support for a Ukrainian insurgency, bolstering NATO, and maintaining pressure on Russia are crucial. In case of a stalemate, considering security guarantees for Ukraine is imperative.

## B. Investing in the European pillar

The time has come for Europeans to prioritize investment in the European pillar. This extends beyond defense spending – Europe must enhance its strategic approach, followed by operational capabilities. While these changes won't occur overnight, initiating discussions is crucial.

**The key to success is better coordination and cooperation between the EU and US defense industries.**



It is important to underline that the debate on [responsibility-sharing](#) and the need to rethink the European pillar is not solely a discussion prompted by the prospect of a second Trump administration. Given the polarization in the American political system, institutional deadlock may persist. Furthermore, even in the absence of deadlock, there is bipartisan consensus in Washington that US foreign policy should focus on countering China's rise. Therefore, Europeans must take proactive steps to strengthen their own security and defense capabilities.

In addition to prioritizing the European pillar, Europeans should advocate for the United States' cooperation in the following areas:

- 1 Cybersecurity partnerships:** Both sides should collaborate to develop joint cybersecurity frameworks and establish rapid response teams to effectively counter cyber threats, emphasizing collective security in the digital age (see also, Trade, technology, and innovation).
- 2 Intelligence sharing:** Recognizing the European Union's reliance on the US intelligence for various issues of national security, there is a need to formalize and enhance intelligence sharing mechanisms, particularly highlighted by the war in Ukraine.
- 3 Strategic enablers:** More broadly, a deliberate effort to reduce the European dependency on US strategic enablers in key domains such as intelligence, surveillance, reconnaissance assets, space, strategic and intra-theater mobility, air-to-air refueling, long-range fires and deep-precision strikes, integrated air and missile defense. This effort should be pursued in close coordination between NATO and the EU.
- 4 Joint non-proliferation initiatives:** The transatlantic partners should launch initiatives aimed at preventing the spread of weapons of mass

destruction, including nuclear, chemical, and biological weapons, through coordinated diplomatic efforts and enforcement measures. Progress in recent years has been limited, particularly concerning North Korea and Iran, whose programs increasingly benefit from Russian and Chinese complacencies, if not direct support. The [US withdrawal from the Joint Comprehensive Plan of Action](#) (JCPOA) in 2018 highlights the potential challenges of cooperation during a Trump administration.

### *C. Policy priorities for Europe's approach to China:*

- 1 Strengthen investment screening:** Harmonize investment screening mechanisms to prevent Chinese state-owned enterprises and other entities from gaining control over critical infrastructure and technologies in both the US and Europe. Contingent on the electoral outcomes, there is opportunity to pursue transatlantic synergy through collaboration and information-sharing between European countries and the US to ensure a unified and robust approach to scrutinizing foreign investments, particularly those from China, to safeguard national security interests and protect sensitive industries.
- 2 Coordinate sanctions and export controls:** Implement coordinated sanctions and export control measures targeting Chinese entities involved in human rights abuses, intellectual property theft, and activities that undermine global security. Europe's leadership in corporate due diligence rules and environmental safeguarding provides a clear path for leadership in this domain, emphasizing the necessity of aligning trade and security policies.

The European Union should also focus on two fronts to mitigate the zero-sum nature of the China discussion:

- 3 Reform international institutions:** Collaborate to reform international institutions, such as the World Trade Organization (WTO) and World Health Organization (WHO), to address Chinese influence and ensure these organizations function effectively and impartially. This entails advocating for transparency, accountability, and adherence to international norms within these institutions, while also seeking to modernize their structures and governance mechanisms to better address emerging challenges posed by China's growing influence.

- 4 Strengthen and expand multilateral coalitions:** Pursue partnerships with other like-minded countries to address common challenges posed by China, including economic coercion, security threats, and human rights issues. While seeking partnership with the United States where possible, Europe must recognize the need for allies beyond the transatlantic relationship.

These recommendations aim to create a robust, resilient framework for transatlantic foreign and security policy cooperation, ensuring that the alliance remains strong and effective regardless of changes in political leadership. It is important to underline that while the US may not always seek to institutionalize relations with the EU, the EU should push for creating bipartisan oversight mechanisms in both the US Congress and European Parliaments. Such mechanisms can monitor and ensure compliance with transatlantic agreements, enhancing transparency and accountability in partnership and ultimately promoting greater security on both sides of the Atlantic.



Summary table:  
Policy recommendations for European leadership in  
a less collaborative transatlantic scenario

| STRATEGIC FOCUS                          | Policy recommendations   |
|--|--|
| A<br>Forward-looking<br>Ukraine strategy | <ol style="list-style-type: none"><li>1. Plan to provide sustained support to Ukraine, including economic aid, humanitarian assistance, military and security aid.</li><li>2. Engage in strategic preparation for potential worst-case scenarios. In the event of a meltdown, support for a Ukrainian insurgency, bolstering NATO, and maintaining pressure on Russia are crucial. In case of a stalemate, serious consideration must be given to providing security guarantees for Ukraine</li></ol>  |
| B<br>Investing in the<br>European pillar | <ol style="list-style-type: none"><li>1. Prioritize investment in the European pillar beyond purely defense spending, targeting enhanced strategic and operational capabilities.</li><li>2. Develop joint cybersecurity frameworks and rapid response teams to counter cyber threats.</li><li>3. Formalize and enhance intelligence sharing mechanisms between the EU and the US.</li><li>4. Address as a matter of priority the European capability shortfalls in particular in the domain of strategic enablers</li><li>5. Launch joint initiatives to prevent the spread of weapons of mass destruction through coordinated diplomatic efforts.</li></ol> |
| C<br>Europe's<br>Approach to China       | <ol style="list-style-type: none"><li>1. Harmonize investment screening mechanisms to prevent Chinese control over critical infrastructure and technologies.</li><li>2. Implement coordinated sanctions and export controls targeting Chinese entities involved in human rights abuses.</li><li>3. Collaborate to reform international institutions to address Chinese influence effectively.</li><li>4. Pursue partnerships with other like-minded countries to address common challenges posed by China.</li></ol>   |

# Trade, technology, and innovation

## Authors

**Constance de Leusse**, *Executive Director, Technology and Global Affairs Innovation Hub, University of Sciences Po; Senior Fellow at the European University Institute (EUI)*  
**Olga Belogolova**, *Director, Emerging Technologies Initiative; Lecturer, Alperovitch Institute for Cybersecurity Studies, John Hopkins SAIS*  
**Paul Fehlinger**, *Director of Policy, Governance Innovation & Impact, Project Liberty Foundation*  
**Cecilia Malmström**, *Senior Fellow, Peterson Institute for International Economics (PIIE); Former European Commissioner for Trade; Former Minister for EU Affairs of Sweden*

## Consulted experts

**Shiva Dustar**, *Head and Director, European Investment Bank Institute*  
**Paul Samson**, *President, Center for International Governance Initiative*  
**Aaron Shull**, *Managing Director, Center for International Governance Initiative*

## Introduction: Understanding the forces shaping the trajectory of innovation

Trade, technology, and innovation are foundational elements of the transatlantic relationship, bolstering economic growth, fostering innovation, and enhancing collaboration between North America and Europe. Currently, Europe leads regulation but lacks innovation power and capital allocation, while the United States leads innovation power and capital allocation but lags in tech regulation with a free-wheeling approach fueled by a new geo-economic race with China for tech supremacy.

To better understand the transatlantic relationship, we propose examining five technology verticals – artificial intelligence (AI), quantum technology, biocomputing, Web3 and blockchain technology, and other emerging

technology – alongside four broader socio-economic and geopolitical horizontal forces – macroeconomic trends, geopolitical competition, climate crisis, and technology and trade regulation – emerging in the next five years. This framework, based on a recent [paper](#) on “Responsible Innovation in Disruptive Digital and Data Technologies” authored by experts from Sciences Po University, the Center for International Governance Innovation (CIGI), and the Project Liberty Foundation, aims to anticipate future scenarios and define adequate policy recommendations, with consideration for the implications of the 2024 elections. The vertical and horizontal forces are summarized in the two tables below.



Table 1: Technology verticals driving changes in the transatlantic relationship

| VERTICAL   | DESCRIPTION   |
|--|---|
| Artificial intelligence (AI)                                 | A rapidly evolving technology with applications in finance, healthcare, and manufacturing sectors, as well as automotive, retail, and cybersecurity. Transatlantic collaboration in research (MIT - Oxford) and standardization (international bodies like IEEE and ISO, for example) is well-established, but there is nonetheless a race for AI supremacy dominated by the US. Ethical concerns and diverse regulations may lead to global fragmentation. |
| Quantum technologies   | Includes quantum computing with applications in cryptography, sensing, and communications. Areas of transatlantic collaboration encompass industrial efforts (IBM Q Network and Microsoft Station Q), joint research projects (MIT - ETH Zurich), and large-scale investments (notably the European Quantum Flagship). Accelerating investments are expected to yield significant advancements within the next decade.                                      |
| Biocomputing, brain-computer interfaces, and neurotechnology | Utilization of living organisms for computation and engineering with opportunities in healthcare. Current transatlantic collaboration includes work to advance scientific knowledge (EU Horizon 2030 program - US NHI), develop new therapies, and address global health challenges. Differences in regulation approaches (EU precautionary vs US pro-innovation) may create distance between the transatlantic allies.                                     |
| Web3 and decentralized technologies                          | Blockchain has been leveraged for a decentralized web infrastructure and financial products. Development of Web3 and blockchain technology is reshaping the transatlantic relationship by facilitating trade and commerce, enhancing data privacy and security, and promoting digital innovation. Cooperation and dialogue are essential to address resulting regulatory, technical, and societal challenges.   |
| Other emerging technologies                                  | Rapid advancements in technologies like extended reality (XR), Internet of Things (IoT), 5G technologies or edge computing across multiple domains influence transatlantic collaboration and interaction. It is difficult to predict the timing and manner of deployment for these and other similar technologies.  |

Table 2: Global horizontal trends impacting the transatlantic relationship

| VERTICAL                        | DESCRIPTION   |
|---------------------------------|---|
| Macroeconomic trends            | Broad economic indicators influencing economic ties between the US and Europe, including GDP growth, inflation rates, exchange rates, and fiscal policies have significant implications for the transatlantic relationship. The coordination of monetary policies could contribute to the stabilization of financial markets and support economic recovery on both sides of the Atlantic.   |
| Geopolitical competition        | Geopolitical competition can produce shifts in security dynamics and defense priorities influencing cooperation and coordination between the US and Europe. Differences in threat perceptions, strategic interests and military capabilities influence approaches to collective defense, crisis management, and peacekeeping operations. Rivalries drive investment in dual-use technologies with implications for global supply chains and data sovereignty. Responses include economic security agendas, which can involve trade policy focused on national security, and regional alliances. |
| Climate crisis                  | Climate action has been elevated as priority area for transatlantic cooperation, driving convergence in climate policies and regulatory frameworks and providing opportunities for global leadership and diplomacy but also reshaping trade and economic dynamics, as well as posing security challenges. Shared concerns over energy and water resources are influencing the trajectory of technological development.  |
| Technology and trade regulation | New regulatory frameworks are emerging globally to address digital and data technology, ensuring consumer protection and competition while fostering innovation. Certain trade frameworks are also evolving to address flow of goods, services, and intellectual property between countries on both sides of the Atlantic Ocean.  |

Considering the vertical and horizontal trends described in the two summary tables, coordinated policies and approaches to responsible innovation. Such measures are crucial to mitigate harms and promote equitable distribution of benefits. Addressing existing governance gaps and fostering collective efforts are essential steps to effectively tackle global challenges. Initiatives like the UN Secretary-General's Global Digital Compact (GDC) and other international processes can play a pivotal role in facilitating collaboration and advancing responsible innovation agendas on a global scale.

# Election outcomes: Possible implications for transatlantic policy and emerging technologies

The outcome of the upcoming elections in both the US and the EU may have significant implications for policy governance across emerging technologies and the broader transatlantic relationship. One potential pathway continues current regulatory trajectory, with the leading EU through regulatory initiatives such as the General Data Protection Regulation (GDPR), the Digital Markets Act (DMA), and Digital Services Act (DSA), focusing on data privacy, consumer protection, and antitrust measures. Regardless of the US election outcome, the US is expected to take a more active role in technology governance, potentially emphasizing national security over privacy, building upon actions like the the October 30, 2023 AI Executive Order.

Irrespective of the US and EU electoral outcomes, there is a growing consensus on the need for regulations on AI and data governance. Despite potential differences in approaches, particularly regarding the scope and stringency of regulations, initiatives aimed at promoting transparency, addressing AI bias, and ensuring fairness in AI systems are likely to gain traction post-election across the Atlantic. Changes in political leadership could further influence tech governance policies. Following 2024 elections, the EU may pursue more aggressive regulatory agendas in areas such as AI, data governance, and platform regulation, with a renewed focus on promoting European tech innovation and competitiveness. This push for greater digital sovereignty could heighten tensions between the US and Europe.

Certain election outcomes could reduce trust and cooperation between the US and the EU, resulting in reduced collaboration on tech policy governance. Geopolitical tensions or protectionist measures may undermine efforts to address common challenges, leading to a pathway of fragmentation and isolation in transatlantic tech partnerships. In particular, US presidential candidate Donald Trump has proposed increased flat tariffs on all imported goods and services to

the US. A second Trump presidency will likely see additional punitive tariffs imposed on Europe and others as well, for instance as a response to CBAM (Carbon Border Adjustment Mechanism), or a certain behavior vis-à-vis China.

## Policy recommendations

Transatlantic cooperation on emerging technologies is vital for sustaining innovation ecosystems, safeguarding shared values, and advancing global progress. To maximize the opportunities while mitigating risks, the United States and European Union must pursue a holistic policy agenda rooted in responsible innovation. This entails fostering collaboration, harmonizing standards, protecting rights, and bolstering economic and security ties.

Accordingly, three main policy priorities should guide the transatlantic relationship. First, the US and EU should adopt a harmonized approach to innovation and regulation. Second, the transatlantic partners should catalyze a transatlantic investor network to support strategic capital allocation and develop common interest. Finally, the US and EU should work to strengthen the multilateral, bilateral and multistakeholder processes within the transatlantic framework.

To maximize the opportunities while mitigating risks, the United States and European Union must pursue a holistic policy agenda rooted in responsible innovation. This entails fostering collaboration, harmonizing standards, protecting rights, and bolstering economic and security ties.

## A. Policy recommendations to support a harmonized approach to innovation and regulation:

- 1 Further harmonize tech standards and norms across the regions.** The US and EU should harmonize rules and technical standards for cybersecurity, AI ethics, privacy protection, and digital infrastructure. Improved interoperability can reduce trade frictions, future-proofs systems for interconnection, and projects shared democratic principles into emerging technologies. Sector-specific public-private partnerships can spearhead this work.
- 2 Prioritize transatlantic technology innovation.** The US and EU should develop joint research across the technology innovation landscape. Governments should fund collaborative projects between universities, institutions, and companies bridging both sides of the Atlantic. Regular joint workshops, conferences, and expert exchanges can further cross-pollinate ideas. Dedicated networks are essential to sustain collaborative links long-term.
- 3 Facilitate seamless cross-border data, capital and talent flows.** Transparent and flexible regulations for cross-border data transfers are essential to accommodate innovative approaches. Well-resourced regulators should be equipped to handle sandboxes and other regulatory experimentation to support breakthrough technologies, while upholding principles of privacy and ethics. Visa and immigration policies must support the circulation of technical experts. Incentive structures and market frameworks should encourage technology scale-ups to position themselves as transatlantic champions, rather than choosing one key market.

- 4 Bolster transatlantic cybersecurity cooperation and incident response.** Enhanced cybersecurity cooperation mechanisms are critical. This includes threat intelligence sharing, coordinating joint incident response efforts, and capacity-building assistance. Collaboration can take place bilaterally or through expanded multinational bodies like NATO. Given that cyber threats transcend borders, collective action is imperative.

## B. Policy recommendations to catalyze a transatlantic investor network:

- 1 Create a transatlantic investor network to drive strategic capital allocation.** The transatlantic partners should establish an entity similar to the “Quad Investor Network” to match capital allocation with its technology agenda to spur innovation and foster strategic trust. A dedicated transatlantic investor network would facilitate bi-directional deal flow, convene investors on the sidelines of important transatlantic political processes, and direct capital toward priority areas and projects to enhance integrated transatlantic technology cooperation.
- 2 Invest in ambitious joint transatlantic technology initiatives.** Beyond policy processes, the transatlantic community should explore ambitious joint initiatives. One model is the Airbus consortium, where French and German aerospace champions combined prowess through political commitment and structured investment. Similar transatlantic ventures could be envisioned in fields like artificial intelligence, quantum computing, and next-generation telecommunications infrastructure. Public and private sectors would co-invest to build world-leading capabilities under a co-managed framework.



**3 Foster public interest technology and infrastructures through joint initiatives.** The transatlantic community should develop joint initiatives focused on public interest technologies and infrastructure, ranging from data infrastructure protocols to AI models. Embedding ethics into the core architecture optimizes for socioeconomic benefits over purely commercial outcomes to creating, robust structures for commercial and non-commercial uses. Such open-source public interest technologies and infrastructures require an enabling ecosystem to scale competitively. The US and EU should collaborate on funding vehicles to accelerate R&D, combined regulatory frameworks to promote adoption, and inclusive governance processes that engage all stakeholders. Pooling resources and aligning incentives will create trusted, high-performing public interest-driven backbones for a digital economy that further enhances entrepreneurship, innovation, competition, and new business models.

*C. Policy recommendations to strengthen multilateral, bilateral and multistakeholder processes within the transatlantic framework*

**1 Strengthen the multilateral framework.** The modern trading system, WTO, and its predecessor GATT was born out of transatlantic efforts to promote open, rules-based trade. However, the WTO is in great need of reform and is not apt to current trade challenges. Recent US disengagement from the WTO has exacerbated these issues. Efforts should be made to work with a large group of like-minded countries to reform the WTO and to conclude plurilateral agreements on areas of common interest, notably digital and green

trade. This is crucial to future facilitate transatlantic flow of data, goods and services in the tech and innovation sectors.

**2 Strengthen the Trade and Technology Council (TTC).** While the TTC has been useful discuss and coordinate various policies, it has untapped potential, especially in setting standards, particularly in green technology and conformity assessments. Although progress has been made on ethical guidelines for AI and cooperation on cyber security, there is room for further development. Capitalizing on the progress within the TTC's different working groups is crucial, especially given the political challenges facing the WTO and other multilateral cooperation mechanisms.

**3 Create a multistakeholder process adjacent to the transatlantic Trade and Technology Council.** While the US-EU Trade and Technology Council serves as the critical intergovernmental forum, it should be complemented by an inclusive multistakeholder body. Given the challenges in making tangible progress within the TTC, multistakeholder cooperation involving businesses, academics and civil society, can help advance transatlantic flows. Convening officials, legislators, businesses, technical experts, and civil society representatives will surface shared priorities and engender trust.

**4 Establish US-EU Tech collaboration index as benchmark.** To gauge cooperation and identify areas for improvement, we should establish a "US-EU Tech Collaboration Index." This benchmarking tool would continuously evaluate cross-regional opportunities, investment flows, the political climate for partnership, and other metrics of substantive collaboration across domains. A regularized index provides an objective health report to guide our joint work.

**Summary table:**  
Policy focus areas for transatlantic collaboration in trade, technology, and innovation

| A. Harmonized approach to innovation and regulation   | B. Catalyze a transatlantic investor network  | C. Strengthen multilateral, bilateral, and multistakeholder Processes   |
|---|---|---|
| <b>1. Harmonize tech standards and norms</b><br>Align US-EU rules and standards for cybersecurity, AI ethics, privacy, and digital infrastructure. Foster public-private partnerships.          | <b>1. Create a transatlantic investor network</b><br>Establish a network to match capital with technology agendas, spur innovation, and foster strategic trust.   | <b>1. Strengthen the multilateral framework</b><br>Build a common agenda for WTO reform, conclude plurilateral agreements on digital and green trade, and build support among a broad coalition of countries. |
| <b>2. Prioritize transatlantic technology innovation</b><br>Develop joint research projects and fund collaborations. Organize joint workshops, conferences, and expert exchanges.               | <b>2. Invest in joint technology initiatives</b><br>Explore joint ventures in AI, quantum computing, and telecommunications with co-investment from public and private sectors.   | <b>2. Strengthen the Trade and Technology Council (TTC)</b><br>Enhance TTC's role in setting standards, especially for green tech and conformity assessments. Build on AI and cybersecurity progress.         |
| <b>3. Facilitate seamless cross-border data, capital, and talent flows</b><br>Ensure transparent data transfer regulations. Support visa policies for experts. Create incentives for scale-ups. | <b>3. Foster public interest technology and infrastructures</b><br>Develop public interest-driven initiatives for data protocols and AI models, embedding ethics into the development process and collaborating on funding and regulations. | <b>3. Create a multistakeholder process for the TTC</b><br>Establish an inclusive body with business, academia, and civil society to complement the TTC. Facilitate cooperation and organize conferences.     |
| <b>4. Bolster transatlantic cybersecurity cooperation</b><br>Enhance threat intelligence sharing, coordinate incident response, and build capacity through bodies like NATO.                    |   | <b>4. Establish a US-EU Tech Collaboration Index</b><br>Create an index to benchmark cooperation, evaluate opportunities, and guide joint efforts.  |

# Energy, environment, and industrial policy

## Authors

**Marnix Amand**, Senior Lecturer, Yale Jackson School of Global Affairs

**Charlotte Halpern**, Sciences Po, Centre for European Studies and Comparative Politics (CEE)

**Anna Broughel**, Lecturer in Sustainable Energy Transition Policy, Johns Hopkins SAIS

**Francisco Seijo**, Professor of Practice of Environmental Politics, School of Politics, Economics and Global Affairs, IE University

## Introduction: Understanding policy divergences and energy transition challenges between the US and Europe

The US and Europe are currently on a policy trajectory that, if unaddressed, poses a risk of economic divergence between the two continents, ultimately weakening both sides of the Atlantic. The energy transition stands out as a significant factor, given that the EU and the US do not share the same starting point in terms of energy independence. Energy supply chain resiliency goals, defined strictly on national (or, at best, EU-wide) terms, are leading to competing subsidies and trade tensions. Additionally, internal political dynamics, marked by the increasing preference of voters for populist solutions, pose increasing challenges to the long-term strategic use of trade or industrial policy.

An energy supply and economic crisis in Europe might make it tempting for the European countries to accommodate China's and Russia's security priorities. Germany, in particular, is susceptible to such an approach due to its heavy reliance on Russian natural gas imports. Across the Atlantic, a new Trump administration is likely to demand a 2% match on defense spending from NATO members, further increasing the EU's economic vulnerability.

Based on the current risks resulting from diverging

economic paths on both sides of the Atlantic, this chapter focuses on three sets of policy recommendations, suggesting new avenues for collaboration that could lead to mutual benefits for the US and EU. While promoting a shift away from fossil fuel energy by actively supporting robust policy alternatives in the energy and transport sectors, as well as in rural communities, these policies should be combined with a set of sufficiency policies ([IPCC 2022](#)).

## Mapping the landscape: The US and the EU on diverging paths since 2020

Since 2020, US policymakers have passed several significant energy and supply chain resilience acts: the Energy Act of 2020, the IIJA/BIL of 2021, and the CHIPS Act of 2022, which collectively earmarked over \$145 billion of spending. These funds primarily focus on supporting basic research, development, and demonstration projects and aim to enhance domestic semiconductor production to reduce reliance on foreign suppliers. Additionally, the Inflation Reduction Act (IRA) of 2022 emphasizes the commercialization and deployment of clean energy technologies and represents a landmark climate legislation in US history, allocating between \$369 billion and \$3 trillion until 2032. Notably, the Biden Administration has used its executive power to expedite the deployment of these legislative measures.

In contrast, the EU's strategy is to achieve a net zero carbon economy by 2050. This strategy includes initiatives such as the 2019 Green Deal, the post-COVID Recovery plans in 2020, and the REPower EU initiative introduced in 2022. The European Commission has pledged to mobilize at least €1 trillion in sustainable investments over the next decade representing 30% of the EU's multiannual budget for the period 2021-2028, including funds from the EU's unique NextGenerationEU (NGEU) instrument aimed at pandemic recovery. Moreover, EU countries must devote at least 37% of the financing they receive under the €672.5 billion Recovery and Resilience Facility to investments and reforms that support climate objectives. Additionally, in response to the "subsidy war" launched by the IRA, the EU introduced the Critical Raw Minerals Act of 2023.

Lastly, the EU exports its policies and environmental standards globally, extending its influence to trading partners. One notable example is the Carbon Border Adjustment Mechanism (CBAM), which aims to ensure that imported carbon-intensive goods meet similar environmental standards as those produced within the EU. This has implications for US firms, as they are subject to the Environmental, Social and Governance (ESG) reporting mandated by the European Sustainability Reporting Standards (ESRS). Compliance with the ESRS compels American companies adopt transparency and accountability practices consistent with those from across the Atlantic, even if they may be reluctant to fully embrace ESG principles independently.

Despite historically high spending on energy and climate, the policy efforts by the EU and the US are likely "insufficient" to meet the net-zero targets by 2050, as indicated by the [EU Climate Action Tracker and USA Climate Action Tracker](#). Mere increases in spending are inadequate; effective policies with the highest efficiency potential are necessary. This holds particular urgency in light of electoral uncertainty. Below, are three suggested policy packages that could address this shortfall.

## Policy recommendations: Key sectors and proposed policy instruments

### Building out the nuclear fleet

The Intergovernmental Panel on Climate Change (IPCC) 2023 [report](#) outlines a clear role for nuclear power in achieving net-zero emissions futures. It advocates for a significant expansion of the global nuclear fleet, indicating the need to nearly double rather than contract. Moreover, a recent [review](#) of 100% renewable and net-zero scenarios concludes that the combination of wind, solar, and hydropower, even paired with storage, is unlikely to be built fast enough to lead to the deep decarbonization needed to achieve net-zero emissions by 2050. **Without nuclear power, decarbonization might be more realistic by the 2070s or 2080s, likely with a significant overshoot in emissions.**

To solve the climate crisis, the EU and US need to pursue a pragmatic approach that includes expanding the large-scale, clean, and proven baseload power source: nuclear energy. Nuclear energy technology has many other attractive characteristics, such as promoting energy security, creating a stable job base, and enabling the production of another valuable energy transition feedstock – pink hydrogen – using the low-carbon electricity generated by nuclear power.

The US is currently seeking to expand its nuclear capacity by up to three times by 2050. In contrast, Western Europe has shown more hesitancy towards nuclear energy, with some countries even pursuing nuclear phase-outs. However, economically developing and energy-insecure Eastern European nations are looking to adopt small modular reactors (SMRs) and next-generation nuclear technologies at the earliest opportunity.



## A. Policy recommendations for nuclear expansion:

- 1 Extend the operational lifespan of existing, mostly Gen II, reactors through regulatory support and modernization efforts. The Beznau I reactor in Switzerland has celebrated its 53 anniversary, demonstrating that with proper management, an extended safe operation is possible.
- 2 Recommission decommissioned reactors, where feasible and safe, as exemplified by a recent effort to recommission a 805 MWe Palisades Nuclear Power Plant in Michigan, supported by a loan guarantee by the U.S. Department of Energy.
- 3 Expand nuclear fleet capacity, with both large-scale and small modular reactor technologies, particularly in regions with growing energy demand and energy security concerns such as Eastern Europe.
- 4 Advance next-generation nuclear technologies by creating a Transatlantic “orderbook” of a minimum of 10 nuclear plants to commercialize the design.
- 5 Build long-term nuclear waste storage, prioritizing safety and environmental protection, with the lessons learned from the Clab interim storage facility in Sweden and Onkalo storage in Finland, as well as the failed Yucca Mountain project in the US.
- 6 Update obsolete legislation in the US to permit beneficial uses of spent nuclear fuel. France has demonstrated that spent nuclear fuel can be successfully reprocessed to extract more energy from it and significantly reduce its volume post-processing.

## Development of rural communities

Rural communities in the US and Europe are experiencing acute economic, cultural, and social malaise, fueling political protest movements against government policies that are perceived to respond to urban environmental sensibilities rather than the legitimate interests of rural populations. Some of these issues have deep rooted, structural drivers linked to global urbanization and industrialization trends that may be largely irreversible. However, in recent years, there have been encouraging cultural, business, scientific and governance innovations that, if properly deployed, could help both palliate rural livelihood and urban community environmental concerns. Such innovations could also provide an impetus for the reform of some dysfunctional features of the current agri-food and land use model on both sides of the Atlantic.

## B. Policy recommendations for rural development:

- 1 Promote the “near-shoring” of high added value agri-food production through the reinforcement of existing startup agro-ecological proximity markets and voluntary ecological certification programs. This initiative could help create synergies between growing urban agro-ecological markets, including farmers’ markets and ecolabel distribution in large commercial areas, and labor-intensive, ecologically-sound rural entrepreneurial initiatives.
- 2 Reinforce forestry epistemic community cooperation between the US and Europe via the joint development of scientific and technical criteria for “tree planting” initiatives. Integrate state-of-the-art scientific and local governance knowledge on prescribed burning, biomass energy, agro-photovoltaics and other innovative agro-silvo-pastoral practices that

can help mitigate wildfire risk while preserving biodiversity, traditional, or agro-ecological operations and maximizing carbon sequestration through cost-effective nature-based solutions.

The above recommendations could undergo trial implementation through regional pilot initiatives led through public-private partnerships (PPPs). Such initiatives would be designed to mobilize existing financial resources connected to the IRA, the European Green Deal, and the flexible mechanism of the EU Emissions Trading System (ETS). Moreover, they could tap into private sector-based carbon offsetting ESG investment initiatives aimed at funding nature-based solutions to socio-environmental challenges.

## Speeding up clean and sustainable mobility

The European Commission has committed to reducing Greenhouse gas emissions in the transport sector by 90% by 2050. In addition to investing in alternative sustainable mobility alternatives, such as walking, cycling and public transport, efforts on both sides of the Atlantic seek to speed up fleet electrification by replacing fossil fuel with electric vehicles (Transport & Environment, 2023). In 2023, individual electric cars reached 14% of the market share in the EU and 7% in the US. Despite the slowdown in sales over the last 12 months, attributed mainly to inflation and a purchase price that remains higher than the average price of conventional cars, as well as the relatively low gasoline prices in the US, the demand for electric vehicles is expected to rise further. This surge is driven by government incentives and efforts to increase environmental consciousness among consumers.

However, the extent to which these sales will benefit European and American manufacturers and support their industrial job markets remains uncertain (Mehdi & Moerenhout, 2023). From a global perspective, China is

poised to dominate the market and generate significant revenue in the coming years. Furthermore, for electric vehicles to truly deliver on environmental impact, a life cycle assessment approach is needed.

## C. Policy recommendations for clean mobility:

- 1 Reduce the [fiscal costs of the IRA](#), which have surpassed initial estimates and have fostered increased opposition from the Republican party and in the Democratic party as well.
- 2 Reasses the benefits of US-EU competition and explore transatlantic collaborations aimed at [reducing mineral dependency and achieving strategic autonomy](#), particularly anticipating the ongoing importance of China in the global battery value chain, among other mineral processing.
- 3 Promote high quality standards in the automobile industry to improve the durability of batteries through policies covering the entire life cycle of batteries, including regulations on end-of-life vehicles.

Summary table:  
Policy focus areas for transatlantic collaboration in energy, environment, and industrial policy

| SECTOR(S)            | Policy recommendation                                  | Policy instruments   |
|----------------------|--|--|
| Nuclear              | Nuclear fleet expansion                                | <ol style="list-style-type: none"><li>1. Extend lifetime of existing Gen II reactors.</li><li>2. Recommission nuclear reactors, where safe.</li><li>3. Promote technology and knowhow transfer to build Gen III+ nuclear capacities, especially in Eastern Europe.</li><li>4. Create a Transatlantic orderbook for innovative nuclear reactor designs.</li><li>5. Build sites for long-term nuclear waste storage.</li><li>6. Allow spent nuclear fuel reprocessing in the US.</li></ol> |
|                      |  |  |
|                      |  |  |
| Forestry             | Near-shoring high value-added agro-ecological products | <ol style="list-style-type: none"><li>1. Support voluntary certification programs and carbon credits for nature-based solutions.</li></ol>   |
| Agriculture          | Tree-planting initiatives                              | <ol style="list-style-type: none"><li>1. Strengthen transatlantic collaboration on scientific criteria on prescribed burning, bioenergy, agroPV, and agro-silvo-pastoral practices.</li><li>2. Develop PPPs for regional pilot projects.</li></ol>   |
|                      |  |  |
| Mobility / Transport | Electric vehicles                                      | <ol style="list-style-type: none"><li>1. Reduce the fiscal costs of IRA.</li><li>2. Transatlantic collaboration to reduce the dependency on minerals and to achieve strategic autonomy.</li><li>3. Introduce policies covering the entire life cycle of electric vehicle batteries.</li></ol>  |

Conclusion

In an era defined by interconnectedness and shared challenges, the imperative for robust transatlantic collaboration across a spectrum of policy domains has never been more pronounced. Despite electoral uncertainties and potential political fragmentation, along with economic divergences that may hinder collaboration, this report highlights several tangible steps that the United States and Europe can take to leverage their collective strengths in advancing shared goals and upholding common values.

The analysis of strategic approaches spanning democracy, human rights, and the rule of law, foreign, security, and defense policy, trade, technology, and innovation, and energy, environment, and industrial policy underscores the multifaceted nature of the transatlantic relationship. From safeguarding democratic institutions and promoting human rights to bolstering collective security and driving technological innovation, numerous opportunities exist for synergistic cooperation and mutual benefit.

In the realm of democracy, human rights, and the rule of law, the transatlantic partnership is challenged by the global trend of democratic backsliding and erosion of liberal values. From the rise of populist movements exploiting uncertainties to the internal dismantling of institutional safeguards, the erosion of democratic principles calls for urgent action. Key recommendations emphasize the need for citizen engagement and robust civil society activism as essential bulwarks against democratic erosion. Strengthening modes of representation, participation, and global governance emerge as focal points for transatlantic policymakers, offering avenues to empower citizens, bolster civil society, and uphold democratic ideals in an increasingly uncertain electoral landscape.

The major challenges for the transatlantic partners in foreign, security, and defense policy include managing the ongoing war in Ukraine, strengthening NATO with a more pronounced European role, and navigating complex relations with China. With uncertain electoral outcomes in the US, Europe must prepare to support Ukraine in a worst-case war scenario, potentially without American assistance. A Trump election poses a threat to NATO though increased European investment in defense suggests resilience; a more fundamental question is the need for Europe to take greater ownership of its own defense. Policy recommendations emphasize investing in Europe's defense capabilities, improving cybersecurity, and formalizing intelligence sharing. Concerning China, while EU-US alignment in approach cannot be assured, collaboration is viable in areas such as investment screening, sanctions, and export controls. Where discrepancies exist, the EU should prioritize reinforcing multilateralism and fostering additional partnerships.

Trade, technology, and innovation stand as pillars of the transatlantic relationship, driving economic growth and collaboration between North America and Europe. As Europe leads in regulation and the United States in innovation power and capital allocation, the dynamic interplay between these regions shapes the trajectory of emerging technologies. Transatlantic policymakers must prioritize responsible innovation to mitigate risks and promote equitable distribution of benefits. Proposals for a harmonized approach to innovation and regulation, the creation of a transatlantic investor network, and the strengthening of multilateral processes offer pathways to sustain innovation ecosystems, uphold shared values, and advance global progress.



The transatlantic partnership faces significant challenges and opportunities in energy, environment, and industrial policy, much like in trade and technology. Distinct approaches between the US and Europe, especially regarding the energy transition, create potential economic risks and trade tensions. Despite substantial investments, both sides encounter significant obstacles in meeting climate targets, highlighting the need for collaborative policy packages. Recommendations such as expanding nuclear energy, revitalizing rural communities through agro-ecological initiatives, and accelerating electric vehicle adoption underscore avenues for cooperation. Regulatory adjustments and transatlantic cooperation to reduce mineral dependency are crucial to supporting these efforts.

At the core of effective transatlantic collaboration lies the recognition of shared objectives and the commitment to joint action. By aligning policies, pooling resources, and leveraging their respective expertise, the US and EU can amplify their impact on the global stage and lead efforts to address the most pressing challenges of our time. Moreover, the recommendations outlined in this report serve as a roadmap for advancing transatlantic cooperation in a strategic, comprehensive manner. From harmonizing standards and fostering innovation to catalyzing investment networks and strengthening multilateral frameworks, these proposed measures offer concrete pathways for realizing the full potential of the transatlantic partnership.

Amidst complex geopolitical dynamics, rapid technological advancements, and urgent environmental imperatives, the significance of transatlantic cooperation cannot be overstated. In conclusion, the future of transatlantic partnership calls us to reaffirm and revitalize our bond, adopting strategic approaches, forging stronger diplomatic ties, enhancing economic cooperation, and jointly tackling pressing global issues, ensuring resilience and progress regardless of electoral outcomes.





