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Transatlantic Relations: U.S. Interests and Key Issues

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SUMMARY

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Transatlantic Relations: U.S. Interests and Key Issues

For the past 70 years, the United States has been instrumental in leading and promoting a strong U.S.-European partnership. Often termed the *transatlantic relationship*, this partnership has been grounded in the U.S.-led post-World War II order based on alliances with like-minded democratic countries and a shared U.S.-European commitment to free markets and an open international trading system. Transatlantic relations encompass the North Atlantic Treaty Organization (NATO), the European Union (EU), close U.S. bilateral ties with most countries in Western and Central Europe, and a massive, interdependent trade and investment partnership. Despite periodic U.S.-European tensions, successive U.S. Administrations and many Members of Congress have supported the broad transatlantic relationship, viewing it as enhancing U.S. security and stability and magnifying U.S. global influence and financial clout.

Transatlantic Relations and the Trump Administration

The transatlantic relationship currently faces significant challenges. President Trump and some members of his Administration have questioned the strategic value and utility of NATO to the United States, and they have expressed considerable skepticism about the fundamental worth of the EU and the multilateral trading system. President Trump repeatedly has voiced concern that the United States bears an undue share of the transatlantic security burden and that EU trade policies are unfair to U.S. workers and businesses. U.S.-European policy divisions have emerged on a wide range of regional and global issues, from certain aspects of relations with Russia and China, to policies on Iran, Syria, arms control, and climate change, among others. The United Kingdom's pending departure from the EU ("Brexit") also could have implications for U.S. security and economic interests in Europe.

The Trump Administration asserts that its policies toward Europe seek to bolster the transatlantic relationship by ensuring that European allies and friends are equipped to work with the United States in confronting the challenges posed by an increasingly competitive world. Administration officials maintain that the U.S. commitment to NATO and European security remains steadfast; President Trump has backed new NATO initiatives to deter Russian aggression and increased U.S. troop deployments in Europe. The Administration also contends that it is committed to working with the EU to resolve trade and tariff disputes, as signaled by its intention to launch new U.S.-EU trade negotiations. Supporters credit President Trump's approach toward Europe with strengthening NATO and compelling the EU to address U.S. trade concerns.

Critics argue that the Administration's policies are endangering decades of U.S.-European cooperation that have advanced key U.S. geostrategic and economic interests. Some analysts suggest that current U.S.-European divisions are detrimental to transatlantic cohesion and represent a win for potential adversaries such as Russia and China. Many European leaders worry about potential U.S. global disengagement, and some argue that Europe must be better prepared to address both regional and international challenges on its own.

Congressional Interests

The implications of Trump Administration policies toward Europe and the extent to which the transatlantic relationship contributes to promoting U.S. security and prosperity may be of interest to the 116th Congress. Broad bipartisan support exists in Congress for NATO, and many Members of Congress view the EU as an important U.S. partner, especially given extensive U.S.-EU trade and investment ties. At the same time, some Members have long advocated for greater European burdensharing in NATO, or may oppose European or EU policies on certain foreign policy or trade issues. Areas for potential congressional oversight include the future U.S. role in NATO, as well as prospects for U.S.-European cooperation on common challenges such as managing a resurgent Russia and an increasingly competitive China. Based on its constitutional role over tariffs and foreign commerce, Congress has a direct interest in monitoring proposed new U.S.-EU trade agreement negotiations. In addition, Congress may consider how the Administration's trade and tariff policies could affect the U.S.-EU economic relationship. Also see CRS Report R45652, *Assessing NATO's Value*, by Paul Belkin; CRS Report R44249, *The European Union: Ongoing Challenges and Future Prospects*, by Kristin Archick; and CRS In Focus IF11209, *Proposed U.S.-EU Trade Agreement Negotiations*, by Shayerah Ilias Akhtar, Andres B. Schwarzenberg, and Renée Johnson.

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A Relationship in Flux?

Long-Standing U.S. and Congressional Engagement

Since the end of the Second World War, successive U.S. Administrations and many Members of Congress have supported a close U.S. partnership with Europe. Often termed the *transatlantic relationship*, this partnership encompasses the North Atlantic Treaty Organization (NATO), of which the United States is a founding member, and extensive political and economic ties with the European Union (EU) and most countries in Western and Central Europe. The United States has been instrumental in building and leading the transatlantic relationship, viewing it as a key pillar of U.S. national security and economic policy for the past 70 years.

The United States spearheaded the formation of NATO in 1949 to foster transatlantic security and collective defense in Europe. Since the early1950s, U.S. policymakers also supported the European integration project that would evolve into the modern-day EU as a way to promote political reconciliation (especially between France and Germany), encourage economic recovery, and entrench democratic systems and free markets. During the Cold War, U.S. officials regarded both NATO and the European integration project as central to deterring the Soviet threat. After the Cold War, U.S. support was crucial to NATO and EU enlargement. Today, European membership in the two organizations largely overlaps; 22 countries currently belong to both (see **Figure 1**). The United States and Europe also have cooperated in establishing and sustaining an open, rules-based international trading system that underpins the global economic order and contributes to U.S. and European wealth and prosperity.

Congress has been actively engaged in oversight of U.S. policy toward Europe and has played a key role in shaping the transatlantic partnership. After the end of the Cold War, many Members of Congress encouraged NATO's evolution—arguing that to remain relevant, NATO must be prepared to confront security threats outside of alliance territory—and were strong advocates for both NATO and EU enlargement to the former communist countries of Central and Eastern Europe. The U.S. and European economies are deeply intertwined through trade and investment linkages that support jobs on both sides of the Atlantic. Many Members of Congress thus have a keen interest in monitoring efforts to deepen transatlantic economic ties, such as through potential further trade liberalization, regulatory cooperation, and addressing trade frictions. At the same time, various Members have expressed concern for years about European allies' military dependence on the United States and some Members may oppose European policies on certain foreign policy or economic issues.

The Trump Administration and Heightened Tensions

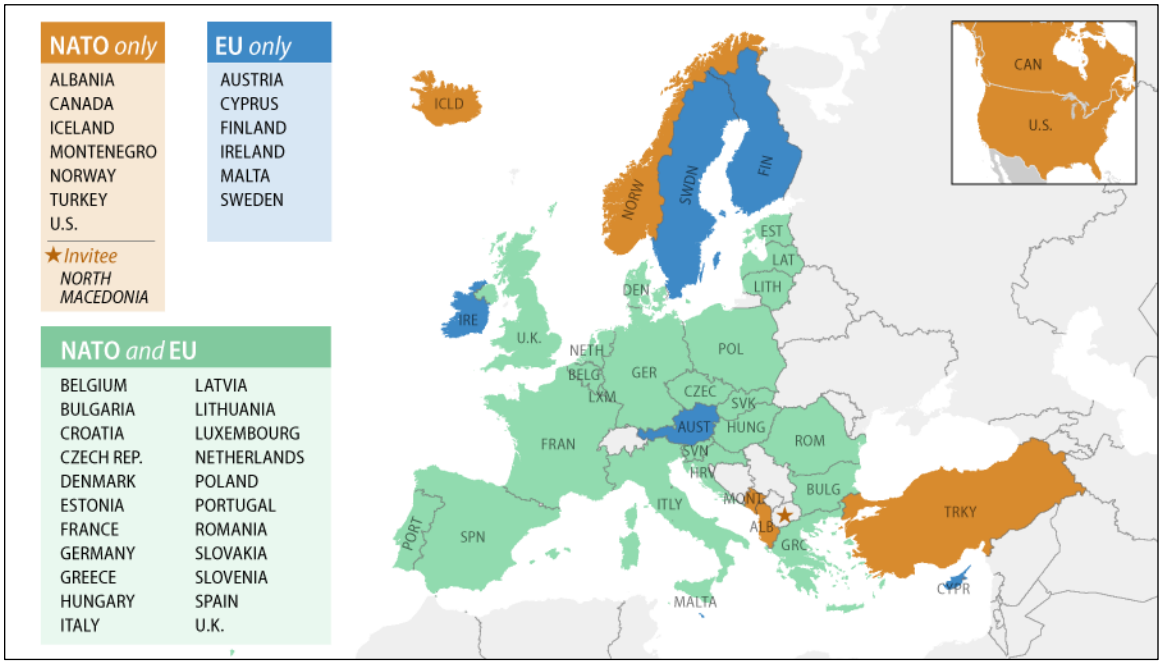
Over the decades, U.S-European relations have experienced numerous ups and downs and have been tested by periods of political tension, various trade disputes, and changes in the security landscape. However, no U.S. president has questioned the fundamental tenets of the transatlantic security and economic architecture to the same extent as President Trump. Many European policymakers and analysts are critical of President Trump's reported transactional view of the NATO alliance, what some view as his singular focus on European defense spending as the measure of the alliance's worth, and his seeming hostility toward the EU, whose trade practices he has argued are unfair and detrimental to U.S. economic interests. Many in Europe also are concerned by what they view as protectionist U.S. trade policies, including the imposition of steel and aluminum tariffs and potential auto tariffs. U.S.-European policy divisions have emerged on a range of other issues as well, including arms control and nonproliferation, China, Iran, Syria, the

Middle East peace process, climate change, and the role of international organizations such as the United Nations and the World Trade Organization (WTO).

The Trump Administration contends that its policies toward Europe seek to shore up and preserve a strong transatlantic partnership to better address common challenges in what it views as an increasingly competitive world. The Administration asserts that it is committed to NATO and its collective defense clause (Article 5), has backed NATO efforts to deter Russia, and is seeking to address barriers to trade with the EU through proposed new trade negotiations. Supporters argue that President Trump's approach has led to increased European defense spending and greater European willingness to address inequities in U.S-European trade relations.

Nevertheless, U.S.-European relations face significant strain. European policymakers continue to struggle with what they view as a lack of consistency in U.S. policies, especially given conflicting Administration statements about NATO and the EU. Some in Europe appear increasingly anxious about whether the United States will remain a credible and reliable partner.

Figure 1. NATO and EU Membership



Source: Created by CRS.

Notes: In February 2019, the Western Balkans country of North Macedonia signed an accession protocol with NATO and is expected to become the alliance's 30th member following ratification by all NATO countries and North Macedonia.

Despite the June 2016 public referendum in the United Kingdom in which voters favored leaving the EU, the UK remains a full member until it officially exits the bloc (scheduled to occur by October 31, 2019).

A Challenging Political Context and Shifting Policy Priorities

European concerns about potential shifts in U.S. foreign, security, and trade policies come amid a range of other difficult issues confronting Europe.[1] These include the United Kingdom's pending departure from the EU (known as "Brexit"), increased support for populist, anti-establishment

[1] For more information on the challenges facing Europe and the EU, see CRS Report R44249, *The European Union: Ongoing Challenges and Future Prospects*, by Kristin Archick.

political parties, rule of law concerns in several countries (including Poland, Hungary, and Romania), sluggish growth and persistently high unemployment in key European economies (such as France, Italy, and Spain), ongoing pressures related to migration, a continued terrorism threat, a resurgent Russia, and a competitive China. The EU in particular is struggling with questions about its future shape and role on the world stage. In light of Europe's various internal preoccupations, some in the United States harbor concerns about the ability of European allies in NATO, or the EU as a whole, to serve as robust and effective partners for the United States in managing common international and regional challenges.

Meanwhile, the United States faces deep divisions on numerous political, social, and economic issues, as well as anti-establishment sentiments and concerns about globalization and immigration among some segments of the U.S. public. A number of analysts suggest that President Trump's "America First" foreign policy signals a U.S. shift away from international cooperation and toward a more isolationist United States. Experts point out that until the 20th century, U.S. foreign policy was based largely on the imperative of staying out of foreign entanglements. Some contend that "the trend toward an America First approach has been growing since the end of the Cold War" and that the post-World War II "consensus about America's role as upholder of global security has collapsed" among both Democrats and Republicans.[2] Such possible shifts could have lasting implications for transatlantic relations and the post-World War II U.S.-led global order.[3]

In addition, both the United States and Europe face generational and demographic changes. For younger Americans and Europeans, World War II and the Cold War are far in the past. Some observers posit that younger policymakers and publics may not share the same conviction as previous generations about the need for a close and stable transatlantic relationship.

The Transatlantic Partnership and U.S. Interests[4]

Despite periodic difficulties over the years in the transatlantic relationship, U.S. and European policymakers alike have valued a close transatlantic partnership as serving their respective geostrategic and economic interests. U.S. policymakers, including past presidents and many Members of Congress, have articulated a range of benefits to the United States of strong U.S.-European ties, including the following:

- U.S. leadership of NATO and U.S. support for the European integration project have been crucial to maintaining peace and stability on the European continent and stymieing big-power competition that cost over 500,000 American lives in two world wars.[5]
- NATO and the EU are cornerstones of the broader U.S.-led international order created in the aftermath of World War II. U.S. engagement in Europe has helped to foster democratic and prosperous European allies and friends that frequently support U.S. foreign and economic policy preferences and bolster the credibility

[2] Robert Kagan, "'America First' Has Won," *New York Times*, September 23, 2018.

[3] Also see CRS Report R44891, *U.S. Role in the World: Background and Issues for Congress*.

[4] Economic data in this section is drawn primarily from CRS In Focus IF10930, *U.S.-EU Trade and Investment Ties: Magnitude and Scope*, by Shayerah Ilias Akhtar, and Daniel S. Hamilton and Joseph P. Quinlan, *The Transatlantic Economy: Annual Survey of Jobs, Trade and Investment Between the United States and Europe 2019*, Foreign Policy Institute, John Hopkins University SAIS, 2019.

[5] This death toll figure includes battle deaths and other deaths in service for World War I and World War II, and for World War II, fatalities in all military theaters. See U.S. Department of Veterans Affairs, *America's Wars*, at https://www.va.gov/opa/publications/factsheets/fs_americas_wars.pdf.

of U.S. global leadership, including in multilateral institutions such as the United Nations and the WTO.

- U.S. engagement in Europe helps limit Russian, Chinese, or other potentially malign influences in the region.
- The two sides of the Atlantic face a range of common international challenges—from countering terrorism and cybercrime to managing instability in the Middle East—and share similar values and policy outlooks. Neither side can adequately address such diverse global concerns alone, and the United States and Europe have a demonstrated track record of cooperation.
- U.S. and European policymakers have developed trust and well-honed habits of political, military, and intelligence cooperation over decades. These dynamics are unique in international relations and cannot be easily or quickly replicated elsewhere (particularly with countries that do not share the same U.S. commitment to democracy, human rights, and the rule of law).
- The United States and Europe share a substantial and mutually beneficial economic relationship that is highly integrated and interdependent. This economic relationship substantially contributes to economic growth and employment on both sides of the Atlantic. The EU accounts for about one-fifth of U.S. total trade in goods and services, and the United States and the EU are each other's largest source and destination for foreign direct investment (FDI). The transatlantic economy generates over $5 trillion per year in foreign affiliate sales and directly employs about 9 million workers on both sides of the Atlantic (and possibly up to 16 million people when indirect employment is included).
- Together, the United States and Europe have created and maintained the current rules-based international trading system that has contributed to U.S. (and European) wealth and prosperity. The combined U.S. and EU economies account for 46% of global gross domestic product (GDP) and over half of global FDI. Together, this provides the United States and Europe with significant economic clout that has enabled the two sides of the Atlantic to take the lead in setting global rules and standards.

At times, U.S. officials and analysts have expressed frustration with certain aspects of the transatlantic relationship. Previous U.S. administrations and many Members of Congress have criticized what they viewed as insufficient European defense spending and have questioned the costs of the U.S. military presence in Europe (especially after the Cold War). U.S. policymakers have long-standing concerns about some EU regulatory barriers to trade. In addition, observers point out that the EU lacks a single voice on many foreign policy issues, which may complicate or prevent U.S.-EU cooperation. Some in the United States have argued that maintaining a close U.S.-European partnership necessitates compromise and may slow U.S. decisionmaking.

Meanwhile, some European officials periodically complain about U.S. dominance of the relationship and a frequent U.S. expectation of automatic European support, especially in international or multilateral forums. Those with this view contend that although the United States has long urged Europe to "do more" in addressing challenges both within and outside of Europe, the United States often fails to grant European allies in NATO, or the EU as an institution, an equal say in transatlantic policymaking. In the past, some European leaders—particularly in France—have aspired to build up the EU as a global power in part to check U.S. influence. Most European governments, however, have not supported developing the EU as a counterweight to the United States. Regardless of these occasional U.S. and European irritations with each other, the

transatlantic partnership has remained grounded broadly in the premise that its benefits outweigh the negatives for both sides of the Atlantic.

NATO[6]

The United States was the driving proponent of NATO's creation in 1949 and has been the alliance's undisputed leader as it has evolved from a regionally focused collective defense organization of 12 members to a globally engaged security organization of 29 members. Successive U.S. Administrations have viewed U.S. leadership of NATO as a cornerstone of U.S. national security strategy, bringing benefits ranging from peace and stability in Europe to the political and military support of 28 allies, including many of the world's most advanced militaries. NATO proponents in the United States point out that U.S. leadership of NATO has allowed the United States to station U.S. forces, including nuclear weapons, in Europe at bases that enable quicker air, sea, and land access to other locations of strategic importance, including the Middle East and Africa. They underscore that NATO also provides an unrivaled platform for constructing and operating international military coalitions with an integrated command structure that is unprecedented in terms of size, scale, and complexity.

For almost as long as NATO has been in existence, it has faced criticism. One long-standing concern of U.S. critics, including President Trump and some Members of Congress, is that the comparatively low levels of defense spending by some European allies and their reliance on U.S. security guarantees have fostered an imbalanced "burdensharing" arrangement by which the United States carries an outsize share of the responsibility for European security. President Trump has repeatedly expressed these sentiments in suggesting that NATO is a "bad deal" for the United States. Although U.S. leaders have long called for increased allied defense spending, none are seen to have done so as stridently as President Trump or to link these calls so openly to the U.S. commitment to NATO and a broader questioning of the alliance's value and utility (see **text box** below).[7] Administration supporters, including some Members of Congress, argue that President Trump's forceful statements have succeeded in securing defense spending increases across the alliance that were not forthcoming under his predecessors.

Trump Administration officials stress that U.S. policy toward NATO continues to be driven by a steadfast commitment to European security and stability. The Administration's 2017 *National Security Strategy* and 2018 *National Defense Strategy* articulate that the United States remains committed to NATO's foundational Article 5 collective defense clause. (President Trump has proclaimed his support for Article 5 as well.) U.S. strategy documents also underscore that the Administration continues to view NATO as crucial to deterring Russia. The Administration has requested significant increases in funding for U.S. military deployments in Europe under the European Deterrence Initiative (EDI). The United States currently leads a battalion of about 1,100 NATO troops deployed to Poland and deploys a U.S. Army Brigade Combat Team of about 3,300 troops on continuous rotation in NATO's eastern member states.

[6] Also see CRS Report R45652, *Assessing NATO's Value*, by Paul Belkin.

[7] Tessa Berneson, "Europe Worries as President Trump Heads to NATO Summit," *Time*, July 10, 2018.

NATO Defense Spending and Burdensharing

At their 2014 Wales Summit, NATO members agreed to increase defense spending so that by 2024 their national defense budgets would equal at least 2% of gross domestic product (GDP) and at least 20% of national defense expenditure would be devoted to procurement and research and development. The 2% and 20% spending targets are intended to guide national defense spending by NATO members; they do not refer to contributions made directly to NATO, nor would all defense spending increases necessarily be devoted solely to meet NATO goals.

U.S. and NATO officials say they are encouraged by a steady rise in defense spending since the Wales Summit. Whereas three allies met the 2% guideline in 2014, NATO estimates that seven allies met the target in 2018 (Estonia, Greece, Latvia, Lithuania, Poland, the United Kingdom, and the United States). President Trump and others continue to criticize those NATO members perceived to be reluctant to achieve defense spending targets, however. This includes Europe's largest economy, Germany, which currently spends about 1.25% of GDP on defense.

Although all allied governments agreed to the Wales commitments, many emphasize that contributions to ongoing NATO missions and the effectiveness of military capabilities should be deemed as important as total defense spending levels. They note that an ally spending less than 2% of GDP on defense could have more modern, effective military capabilities than an ally that meets the 2% target but allocates most of that funding to personnel costs and relatively little to ongoing missions and modernization. NATO Secretary General Jens Stoltenberg also has frequently emphasized a broader approach to measuring contributions to the alliance, using a metric of "cash, capabilities, and contributions." Others add that such a broader assessment would be more appropriate given NATO's wide-ranging strategic objectives, some of which may require capabilities beyond the military sphere.

Source: For NATO defense spending data, see NATO, *Defence Expenditure of NATO Countries*, March 14, 2019, at https://www.nato.int/nato_static_fl2014/assets/pdf/pdf_2019_03/190314-pr2018-34-eng.pdf.

Despite stated U.S. policy, some European allies express unease about President Trump's commitment to NATO, especially amid reports that the President has considered withdrawing the United States from the alliance.[8] European allies refute past statements by President Trump that NATO is obsolete and take issue with the President's claims that European countries have taken advantage of the United States by not spending enough on their own defense. Since the end of the Cold War, NATO allies and partner countries have contributed to a range of NATO-led military operations across the globe, including in the Western Balkans, Afghanistan, the Mediterranean Sea, the Middle East, and Eastern Europe.

European allies also stress that the first and only time NATO invoked Article 5 was in solidarity with the United States after the September 11, 2001, terrorist attacks. Subsequently, Canada and the European allies joined the United States to lead military operations in Afghanistan, the longest and most expansive operation in NATO's history. Many in Europe and Canada view their contributions in Afghanistan as an unparalleled demonstration of solidarity with the United States and a testament to the value they can provide in achieving shared security objectives. As of early 2019, almost one-third of the fatalities suffered by coalition forces in Afghanistan have been from NATO members and partner countries other than the United States.[9] In 2011, the high point of the NATO mission in Afghanistan, about 40,000 of the 130,000 troops deployed to the mission were from non-U.S. NATO countries and partners.[10]

NATO also continues to face a number of political and military challenges. Key among these is managing a resurgent Russia. Allied discussions over NATO's strategic posture have exposed divergent views over the threat posed by Russia (see "Key Foreign Policy and Security Challenges" for more information). Differences also exist among the allies over the appropriate

[8] See, for example, Julian E. Barnes and Helene Cooper, "Trump Discussed Pulling U.S. from NATO, Aides Say Amid New Concerns Over Russia," *New York Times*, January 14, 2019.

[9] "Afghanistan Coalition Military Fatalities by Year," at http://icasualties.org. Figures are updated regularly.

[10] NATO, "ISAF: Key Facts and Figures," June 6, 2011, at https://www.nato.int/isaf/placemats_archive/2011-06-06-ISAF-Placemat.pdf.

role for NATO in addressing the wide-ranging security challenges emanating from the Middle East and North Africa. NATO continues to grapple with significant disparities in allied military capabilities, especially between the United States and the other allies. In most, if not all, NATO military interventions, European allies and Canada have depended on the United States to provide key capabilities such as air- and sea-lift, refueling, and intelligence, surveillance, and reconnaissance (ISR). In addition, a number of European policymakers and outside analysts contend that President Trump's negative rhetoric about NATO is damaging alliance cohesion and raising questions about future U.S. leadership of the alliance (see "U.S. Policy Considerations and Future Prospects" below).

The European Union[11]

Since May 1950—when President Harry Truman first offered U.S. support for the European Coal and Steel Community, regarded as the initial step on the decades-long path toward building the EU—the United States has championed the European integration project.[12] Supporters of the EU integration project contend that it largely succeeded in fulfilling core U.S. post-World War II-goals in Europe of promoting peace and prosperity and deterring the Soviet Union. After the Cold War, the United States strongly backed EU enlargement to the former communist countries of Central and Eastern Europe, viewing it as essential to extending stability, democracy, and the rule of law throughout the region, preventing a strategic vacuum, and firmly entrenching these countries in Euro-Atlantic institutions and the U.S.-led liberal international order. The United States and many Members of Congress traditionally have supported the EU membership aspirations of Turkey and the Western Balkan states for similar reasons.

Over the past 25 years, as the EU has expanded and evolved, U.S.-EU political and economic relations have deepened. Despite some acute differences (including the 2003 war in Iraq), the United States has looked to the EU for partnership on foreign policy and security concerns worldwide. Although EU decisionmaking is sometimes slower than many U.S. policymakers would prefer and agreement among EU member states proves elusive at times, U.S. officials generally have regarded cooperation with the EU—where possible—as serving to bolster U.S. positions and enhance the prospects of achieving U.S. objectives. The United States and the EU have promoted peace and stability in various regions and countries (including the Balkans, Afghanistan, and Africa), jointly imposed sanctions on Russia for its aggression in Ukraine, enhanced law enforcement and counterterrorism cooperation, worked together to contain Iran's nuclear ambitions, and sought to tackle cross-border challenges such as cybersecurity and climate change. Historically, U.S.-EU cooperation has been a driving force behind efforts to liberalize world trade and ensure the stability of international financial markets.

EU officials have been surprised by what they regard as President Trump's largely negative opinion of the bloc and key member states such as Germany. President Trump has supported the UK's decision to leave the EU and has expressed doubts about the EU's future viability. President Trump has called the EU a "foe" for "what they do to us in trade," although he also noted, "that

[11] Also see CRS Report RS21372, *The European Union: Questions and Answers*, and CRS Report R44249, *The European Union: Ongoing Challenges and Future Prospects*, both by Kristin Archick.

[12] See *Official Statement by Harry Truman*, May 18, 1950, at https://www.cvce/eu/en/recherche/unit-content/-/unit/5cc6b004-33b7-4e44-b6db-f5f9e6c01023. Also see U.S. State Department, Office of the Historian, *Foreign Relations of the United States, 1950, Western Europe, Volume III*, at https://history.state.gov/historicaldocuments/frus1950v03/ch2subch2.

doesn't mean they are bad … it means that they are competitive."[13] At the same time, the EU is concerned by the Administration's trade policies, especially the imposition of steel and aluminum tariffs and potential auto tariffs. Many in the EU question whether the United States will continue to be a reliable partner for the EU in setting global trade rules and standards and sustaining the multilateral trading system. (See "Trade and Economic Issues" for more information.)

Some commentators suggest that the Trump Administration largely views the EU through an economic prism and is less inclined to regard the EU as an important political and security partner. Various observers speculate that unlike past Administrations, the Trump Administration might be indifferent to the EU's collapse if it allowed the United States to negotiate bilateral trade deals with individual member states that it believes would better serve U.S. interests.[14] President Trump (and some Members of Congress) have expressed keen interest in concluding a free trade agreement (FTA) with the United Kingdom following its expected withdrawal from the EU (see "Possible Implications of Brexit").

Many analysts suggest that President Trump's critical views of the EU are shaped by a preference for working bilaterally with nation-states rather than in international or multilateral forums. In a December 2018 speech in Brussels, Belgium, U.S. Secretary of State Mike Pompeo asserted that "the European Union and its predecessors have delivered a great deal of prosperity to the entire continent" and that "we [the United States] benefit enormously from your success," but he also criticized multilateralism and asked, "Is the EU ensuring that the interests of countries and their citizens are placed before those of bureaucrats here in Brussels?".[15] Secretary Pompeo's comments were widely interpreted as an implicit rebuke of the EU. Others point out that the Trump Administration is not the first U.S. Administration to be skeptical of multilateral institutions or to be charged with preferring unilateral action. This was a key European criticism of the George W. Bush Administration as well.

In addition, many in the EU are uneasy with elements of the Trump Administration's "America First" foreign policy. Several Administration decisions have put the United States into direct conflict with the EU and experts suggest they could endanger U.S.-EU political cooperation. These include, in particular, the Trump Administration's decisions to withdraw from the 2015 multilateral nuclear deal with Iran and the Paris Agreement on climate change (see "Key Foreign Policy and Security Challenges" for more information). EU officials also view the Administration's recognition of Jerusalem as Israel's capital as undermining prospects for resolving the Israeli-Palestinian conflict.

At the same time, Administration officials contend that certain EU policies are damaging relations with the United States. Among other issues, such officials express frustration with the EU's refusal to discuss agricultural products in planned U.S.-EU trade negotiations, and they argue that that the EU does not sufficiently understand the extent of the threat posed by Iran.[16] Some U.S. policymakers voice concern that renewed EU defense initiatives could compete with NATO. In 2017, 25 EU members launched a new EU defense pact (known as Permanent Structured

[13] As quoted in "'I Think the European Union is a Foe,' Trump Says Ahead of Putin Meeting in Helsinki," CBSNews.com, July 15, 2018.

[14] The EU has a common external trade policy, which means that trade policy is an exclusive competence of the EU and no member state can negotiate its own international trade agreement. The EU negotiates and concludes trade agreements with outside countries and trading blocs on behalf of the member states. Steven Erlanger, "For Europe, There's a New Threat in Town: The U.S.," *New York Times*, February 2, 2017.

[15] U.S. Secretary of State Michael R. Pompeo, *Restoring the Role of the Nation-State in the Liberal International Order*, German Marshall Fund, Brussels, Belgium, December 4, 2018.

[16] David M. Herszenhorn, "Trump's Man in Brussels Slams 'Out of Touch' EU," *Politico Europe*, December 10, 2018.

Cooperation, or PESCO) aimed at enhancing European military capabilities and bolstering the EU's Common Security and Defense Policy (CSDP). Previous U.S. Administrations have been anxious about CSDP's potential implications for NATO. The EU has bristled at the Trump Administration's criticisms, however, given its strident calls for greater European defense spending and burdensharing in NATO, as well as Administration suggestions that PESCO could become a "protectionist vehicle for the EU" that impedes U.S.-European defense industrial cooperation and U.S. defense sales to Europe.[17]

U.S. officials note that there have always been disagreements between the United States and the EU, and they argue that fears of a demise in relations are largely overblown. At the same time, some U.S. policymakers and analysts suggest that the multiple challenges currently facing the EU could have negative implications for the EU's ability to be a robust, effective U.S. partner. Those with this view note that internal preoccupations (ranging from Brexit to migration to voter disenchantment with traditionally pro-EU establishment parties) could prevent the EU from focusing on key U.S. priorities, such as Russian aggression in Ukraine, a more assertive China, instability in the Middle East and North Africa, the ongoing conflict in Syria, and the continued terrorism threat. Others point out that despite the string of recent EU crises over the past few years, the EU has survived and the bloc has continued to work with the United States on numerous regional and international issues.

Possible Implications of Brexit[18]

In a 2016 referendum, UK voters favored leaving the EU by 52% to 48%. In March 2017, the UK government officially notified the EU of its intention to withdraw, triggering a two-year period for the UK and the EU to conclude complex withdrawal negotiations. Since the 2016 referendum, the UK has remained divided on what type of Brexit it wants. UK Prime Minister Theresa May's government largely pursued a "hard" Brexit that would keep the UK outside the EU's single market and customs union, thus allowing the UK to negotiate its own trade deals with other countries. Since January 2019, the UK Parliament has rejected the withdrawal agreement negotiated with the EU three times; a key sticking point has been the "backstop" to resolve the Irish border question and protect the Northern Ireland peace process. As the result of a six-month extension offered by EU leaders on April 10 (at an emergency European Council summit), the UK is scheduled to exit the EU by October 31, 2019, at the latest.

Since deciding to leave the EU, the UK has sought to reinforce its close ties with the United States and to reaffirm its position as a leading country in NATO. The UK is likely to remain a strong U.S. partner, and Brexit is unlikely to cause a dramatic makeover in most aspects of the U.S.-UK relationship. Analysts believe that close U.S.-UK cooperation will continue for the foreseeable future in areas such as counterterrorism, intelligence, economic issues, and the future of NATO, as well as on numerous global and regional security challenges. UK officials have emphasized that Brexit does not entail a turn toward isolationism and that the UK intends to remain a global leader in international diplomacy, security issues, trade and finance, and development aid.

[17] As quoted by U.S. Ambassador to NATO Kay Bailey Hutchison, in Aaron Mehta, "U.S. Warns Against 'Protectionism' with New EU Defense Agreement," DefenseNews.com, February 14, 2018. Also see Guy Chazan and Michael Peel, "U.S. Warns Against European Joint Military Project," *Financial Times*, May 14, 2019.

[18] Also see CRS Insight IN11102, *Brexit Extended*, and CRS Report RL33105, *The United Kingdom: Background, Brexit, and Relations with the United States*, both by Derek E. Mix.

President Trump has expressed repeated support for Brexit. In October 2018, the Trump Administration notified Congress of its intent to launch U.S.-UK trade negotiations once the UK ceases to be a member of the EU, and many Members of Congress appear receptive to a U.S.-UK FTA in the future.[19] At the same time, some in Congress are concerned that Brexit might negatively affect the Northern Ireland peace process. In London in April 2019, House Speaker Nancy Pelosi asserted that there would be "no chance whatsoever" for a U.S.-UK FTA should Brexit weaken the 1998 peace accord that ended Northern Ireland's 30-year sectarian conflict.[20]

Beyond the U.S.-UK bilateral relationship, Brexit could have a substantial impact on certain U.S. strategic interests, especially in relation to Europe more broadly and future developments in the EU. The UK is the EU's second-largest economy and a key diplomatic and military power within the EU. Moreover, the UK is often regarded as the closest U.S. partner in the EU, a partner that commonly shares U.S. views on foreign policy, trade, and regulatory issues. Some observers suggest that the United States is losing its best advocate within the EU for policies that bolster U.S. goals and protect U.S. interests. Others contend that the United States has close bilateral ties with most EU countries, shares common political and economic preferences with many of them, and as such, the UK's departure will not significantly alter U.S.-EU relations.

Some U.S. officials have conveyed concerns that the UK's withdrawal could make the EU a less capable and less reliable partner for the United States given the UK's diplomatic, military, and economic clout. The UK has served as a key driver of certain EU initiatives, especially EU enlargement (including to Turkey) and efforts to develop stronger EU foreign and defense policies. In addition, as the UK is a leading voice for robust EU sanctions against Russia in response to Russia's annexation of Ukraine's Crimea and aggression in eastern Ukraine, some observers suggest that the departure of the UK could shift the debate in the EU about the duration and severity of EU sanctions.

More broadly, U.S. officials have long urged the EU to move beyond what is often perceived as a predominantly inward focus on treaties and institutions, in order to concentrate more effort and resources toward addressing a wide range of shared external challenges (such as terrorism and instability to Europe's south and east). Some observers note that Brexit has produced another prolonged bout of internal preoccupation within the EU and has consumed a considerable degree of UK and EU time and personnel resources in the process. At the working level, EU officials are losing British personnel with significant technical expertise and negotiating prowess on issues such as sanctions or dealing with countries like Russia and Iran.

On the other hand, some analysts have suggested that Brexit could ultimately lead to a more like-minded EU, able to pursue deeper integration without UK opposition (the UK traditionally served as a brake on certain EU integration efforts). For example, Brexit could allow the EU to move ahead more easily with undertaking military integration projects under the EU Common Security and Defense Policy. However, as discussed above, Trump Administration officials express a degree of concern about PESCO, the EU's new defense pact, and some worry that without UK leadership, CSDP and PESCO could evolve in ways that may infringe upon NATO's primary role in European security in the longer term.

[19] Also see CRS In Focus IF11123, *Brexit and Outlook for U.S.-UK Trade Agreement,* by Shayerah Ilias Akhtar.

[20] As quoted in Simon Carswell, "Pelosi Warns No US-UK Trade Deal If Belfast Agreement Weakened by Brexit," *Irish Times,* April 15, 2019.

Key Foreign Policy and Security Challenges

The United States and Europe face numerous common foreign policy and security challenges. The Trump Administration maintains that its policy choices display strong U.S. leadership and seek to bolster both U.S. and European security. Administration officials also argue that they remain ready to work with Europe on many of these common challenges.

Russia[21]

U.S.-European cooperation has been viewed as crucial to managing a more assertive Russia and preventing Russia from driving a wedge between the two sides of the Atlantic. The imposition of sanctions on Russia in response to its aggression in Ukraine is cited as a key example of a policy that has benefited from U.S.-EU coordination given the EU's more extensive economic ties with Russia. The EU has welcomed congressional efforts since the start of the Trump Administration to maintain U.S. sanctions on Russia, despite concerns that certain provisions in the Countering Russian Influence in Europe and Eurasia Act (CRIEEA) of 2017 (P.L. 115-44, Countering America's Adversaries Through Sanctions Act [CAATSA], Title II) could negatively affect EU business and energy interests.

Although some Europeans remain wary about President Trump's expressed interest in improving U.S.-Russian relations, U.S. and European policies toward Russia remain broadly aligned. As noted above, the Trump Administration has endorsed new NATO initiatives to deter Russian aggression and increased the U.S. military footprint in Europe. The United States has continued to support and impose sanctions on Russia for its actions in Ukraine and other malign activities (including Russia's March 2018 chemical weapons attack in the United Kingdom on former Russian intelligence officer and UK citizen Sergei Skripal and his daughter). The United States and many European countries share similar concerns about Russian cyber activities and influence operations and have sought to work together in various forums to share best practices on countermeasures.

At the same time, some policymakers and analysts express concern about the effectiveness and sustainability of NATO efforts to deter Russia and the use of sanctions as a long-term policy option. Some allies, including Poland and the Baltic States, have urged a more robust allied military presence in Central and Eastern Europe and strongly support maintaining pressure on Russia through sanctions. Others, including leaders in Germany and Italy, have stressed the importance of a dual-track approach to Russia that complements deterrence with dialogue.

A key U.S.-European friction point is the Nord Stream 2 gas pipeline project that would increase the amount of Russian gas delivered to Germany and other parts of Europe via the Baltic Sea. The Trump Administration and many Members of Congress object to Nord Stream 2 because they believe it will increase European energy dependence on Russia and undercut Ukraine (the pipeline would bypass the country, thereby denying Ukraine transit fees and possibly loosening constraints on Russian policy toward Ukraine). Many in the EU share these concerns, including Poland and other Central European countries, as well as the European Commission (the EU's executive body). Germany, Austria, and other supporters view Nord Stream 2 primarily as a commercial project and argue that it will help increase the supply of gas to Europe.[22]

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[21] Also see CRS Report R44775, *Russia: Background and U.S. Policy*, by Cory Welt, and CRS Report R45415, *U.S. Sanctions on Russia*, coordinated by Cory Welt.

[22] Also see CRS In Focus IF11138, *Nord Stream 2: A Fait Accompli?*, by Paul Belkin et al.

Arms Control and the INF Treaty[23]

Most European NATO allies, as well as the EU, have long regarded the Intermediate-Range Nuclear Forces (INF) Treaty as a key pillar of the European security architecture. On February 1, 2019, the Trump Administration announced it was suspending U.S. participation in the INF Treaty and would withdraw the United States in six months (in accordance with the terms of the treaty). European leaders largely agree with the U.S. assessment that Russia is violating the INF Treaty, and NATO leaders have announced that they "fully support" the U.S. decision.[24]

At the same time, European officials remain deeply concerned that the U.S. suspension and expected withdrawal from the INF Treaty could spark a new arms race and harm European security. Subsequent to the U.S. decision, Russian President Vladimir Putin announced that Russia also would suspend participation in the INF Treaty. Moreover, Putin indicated that Russia would begin work on developing new nuclear-capable missiles in light of the treaty's collapse. Many European officials appear troubled by the U.S. decision because they contend that the United States has not presented a clear way forward. Some worry that should the United States seek to field U.S. missiles in Europe in the future, this could create divisions within NATO and be detrimental to alliance cohesion. They add that tensions linked to the planned U.S. withdrawal from the INF Treaty could negatively affect possible efforts to renew the 2010 New Strategic Arms Reduction Treaty (known as New START) with Russia, which is set to expire in 2021.[25]

China[26]

As expressed in the December 2017 U.S. *National Security Strategy*, U.S. officials have grown increasingly concerned that "China is gaining a strategic foothold in Europe by expanding its unfair trade practices and investing in key industries, sensitive technologies, and infrastructure."[27] Chinese investment in the EU reportedly has increased from approximately $700 million annually prior to 2008 to $30 billion in 2017. Such investment spans sectors including energy, transport, communications, media, insurance, financial services, and industrial technology.[28]

The Trump Administration and many Members of Congress have been alarmed in particular by some European governments' interest in contracting with Chinese telecommunications company Huawei to build out at least parts of their fifth generation (or 5G) wireless networks. U.S. officials have warned European allies and partners that using Huawei or other Chinese 5G equipment could impede intelligence-sharing with the United States due to fears of compromised network security. Although some allies, such as the UK and Germany, have said they would not prevent Chinese companies from bidding on 5G contracts, they have stressed that they would not contract with any companies that do not meet their stringent national security requirements.[29]

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[23] Also see CRS In Focus IF11051, *U.S. Withdrawal from the INF Treaty: What's Next?*, by Amy F. Woolf.

[24] NATO, *Statement on Russia's Failure to Comply with the Intermediate-Range Nuclear Forces (INF) Treaty*, press release, February 1, 2019.

[25] Kingston Reif, "As INF Treaty Fails, New START Teeters," *Arms Control Today*, March 2019.

[26] Also see CRS In Focus IF10119, *U.S.-China Relations*, by Susan V. Lawrence, Wayne M. Morrison, and Jonah Langan-Marmur; and CRS In Focus IF10030, *U.S.-China Trade Issues*, by Wayne M. Morrison.

[27] The White House, *National Security Strategy of the United States of America*, December 2017, p. 47.

[28] Frederick Kempe, *China's Europe Strategy*, Atlantic Council of the United States, December 8, 2018.

[29] Julian E Barnes and Adam Satariano, "U.S. Campaign to Ban Huawei Overseas Stumbles as Allies Resist," *New York Times*, March 17, 2019.

In addition to concerns about intellectual property theft and illicit data collection or spying, some analysts worry that Chinese economic influence could translate into leverage over European countries. Such leverage could push some European governments to align their foreign policy positions with China or otherwise validate policies of the Chinese government, and possibly prevent the EU from speaking with one voice on China. Some experts suggest that smaller EU countries, as well as less prosperous non-EU Balkan countries, are relatively vulnerable to this type of leverage, although large EU countries also could be susceptible. As evidence, many note Italy's decision to join China's Belt and Road Initiative (BRI), China's state-run initiative to deepen Chinese investment and infrastructure links across Asia, Africa, Latin America, and Europe. The Trump Administration reportedly lobbied Italy against joining the BRI.[30]

Despite U.S. concerns about China's growing footprint in Europe, Administration officials appear hopeful that the United States and Europe can work together to meet the various security and economic issues posed by a rising China. Over the past year, EU members France and Germany have backed efforts by the European Commission to develop more stringent requirements to regulate Chinese investment in Europe. In a March 2019 joint position paper on China, the European Commission and the EU's High Representative for Foreign Affairs and Security Policy characterized China in part as an "economic competitor in the pursuit of technological leadership, and a systemic rival promoting alternative models of governance."[31]

In a February 2019 interview, U.S. Ambassador to the EU Gordon Sondland called on the United States and the EU to "combine our mutual energies … to meet China and check China in multiple respects: economically, from an intelligence standpoint, militarily."[32] Some analysts, however, are skeptical about the extent to which U.S.-European cooperation toward China is possible. Those with this view note the disparities in U.S. and European security interests vis-à-vis China and apparent U.S. inclinations to view China as an economic rival to a greater extent than many European governments.[33]

Iran[34]

Many European governments and the EU are alarmed by rising tensions between the United States and Iran, which they fear could lead to military confrontation. Differences over Iran have strained U.S.-European relations considerably during the Trump Administration. The EU opposes the Administration's decision to withdraw from the 2015 nuclear deal with Iran (the Joint Comprehensive Plan of Action, or JCPOA). The EU worked closely with the Obama Administration to negotiate the JCPOA and considers it to be a major foreign policy achievement that has prevented Iran from developing nuclear weapons. Many analysts assert that the EU's adoption of strict sanctions against Iran between 2010 and 2012, including a full embargo on oil purchases, brought U.S. and European approaches on Iran into alignment. They credit this

[30] Philippe Le Corre, *China's Rise as a Geoeconomic Influencer: Four European Case Studies*, Carnegie Endowment for International Peace, October 2018; Andrew Chatzky, "China's Belt and Road Initiative Gets a Win in Italy," Council on Foreign Relations, March 27, 2019.

[31] European Commission and High Representative of the Union for Foreign Affairs and Security Policy, *EU-China – A Strategic Outlook*, March 12, 2019, p.1.

[32] As quoted in Hans Von Der Burchard, "Trump Envoy Urges Europe to 'Link Arms' Against China," *Politico Europe*, February 6, 2019.

[33] Sebastian Mallaby, "The United States and Europe, Divided by China," *Washington Post*, April 25, 2019.

[34] Also see CRS In Focus IF11212, *U.S.-Iran Tensions Escalate*, by Kenneth Katzman; and CRS In Focus IF10916, *Iran: Efforts to Preserve Economic Benefits of the Nuclear Deal*, by Cathleen D. Cimino-Isaacs, Kenneth Katzman, and Derek E. Mix.

combined U.S.-EU economic pressure as key to forcing Iran into the negotiations that produced the JCPOA.

The Trump Administration contends that the JCPOA has only served to embolden Iran and has urged the EU to join the United States in abandoning the JCPOA and reimposing sanctions on Iran. The EU shares other U.S. concerns about Iran, including those related to Iran's ongoing ballistic missile program and support for terrorism, but the EU asserts that such issues should be addressed separately from the JCPOA. The EU also contends that the U.S. decision to unilaterally withdraw from the JCPOA could destabilize the region and worries that the reimposition of U.S. sanctions on Iran could threaten EU business interests.

The EU remains committed to the JCPOA and has sought to work with Iran and other signatories to prevent its collapse. In January 2019, France, Germany, and the UK launched the Instrument in Support of Trade Exchanges (INSTEX), a special-purpose vehicle (SPV) designed to enable trade in humanitarian items (including food, medicine, and medical devices) that are generally exempt from sanctions (although INSTEX might eventually provide a platform to trade with Iran in oil and other products). Some in the EU, however, fear that Iran's commitment to the JCPOA may be weakening amid Iran's announcement in early May 2019 that it would no longer abide by JCPOA restrictions on stockpiles of low-enriched uranium and heavy water. The EU continues to urge Iran not to withdraw from the JCPOA completely.

Syria[35]

Many European governments were alarmed by President Trump's announcement in December 2018 that the United States would withdraw its entire 2,000-strong force in Syria fighting the Islamic State terrorist organization (also known as ISIS or ISIL). Most European countries have supported the U.S.-led international coalition to defeat the Islamic State since 2014. Although President Trump's decision to withdraw U.S. forces was based on his view that the Islamic State was largely defeated, the United States reportedly did not consult with its European partners on its military plans. The apparent lack of consultations has raised concerns about a breakdown in U.S.-European cooperation and potential negative consequences for transatlantic cohesion.

News reports suggest that U.S. officials urged the UK and France to keep their ground forces in Syria following the expected U.S. departure and called for European countries to deploy an "observer" force to patrol a "safe zone" on the Syrian side of the border with Turkey. The UK and France reportedly declined these requests, and other European governments did not appear eager to assume the risks of a Syria operation in the absence of U.S. forces. The United States has since announced that it will keep a residual force of around 400 troops in Syria in an apparent effort to encourage a continued European presence, but it remains uncertain whether European governments will agree to this approach.[36]

Afghanistan[37]

In December 2018, news outlets reported that the Trump Administration was considering substantially reducing the U.S. troop presence in Afghanistan. European allies, who have served

[35] Also see CRS Report RL33487, *Armed Conflict in Syria: Overview and U.S. Response*, coordinated by Carla E. Humud.

[36] Karen DeYoung and Missy Ryan, "Allies Decline Request to Stay in Syria After U.S. Troops Withdraw," *Washington Post*, February 20, 2019; Mark Landler and Helene Cooper, "In Latest Shift, Trump Agrees to Leave 400 Troops in Syria," *New York Times*, February 22, 2019.

[37] Also see CRS Report R45122, *Afghanistan: Background and U.S. Policy In Brief*, by Clayton Thomas.

with the United States and NATO in Afghanistan since 2001, reacted to these reports with surprise and concern. Although the Administration has begun negotiations with the Taliban on ending the conflict in Afghanistan, U.S. officials denied a possible drawdown in U.S. forces. European officials asserted that any future reduction in U.S. troops in Afghanistan must be carried out in close coordination with the allies.

Some experts have questioned the viability of NATO's Afghanistan mission without continued U.S. participation at current levels. Subsequent press reports indicate that the U.S. Defense Department has begun discussions with European allies on future military plans for Afghanistan.[38] European military involvement in Afghanistan has faced relatively consistent public opposition in many European countries. As such, observers suggest that allies could be receptive to winding down NATO's mission in Afghanistan in tandem with the United States. At the same time, some European officials reportedly object to being left out of peace talks with the Taliban, given allied military contributions as well as considerable European development assistance to Afghanistan.[39]

Counterterrorism[40]

Since 2001, the United States has enhanced counterterrorism and homeland security cooperation with European governments and the EU. The United States and the EU have concluded several agreements in this area, including accords to improve shipping container security, share airline passenger data, and track terrorist financing. U.S. and European officials alike regard such cooperation as crucial to fighting terrorism on both sides of the Atlantic. In recent years, the United States and Europe have focused on combating the Islamic State and the foreign fighter phenomenon. Like its predecessors, the Trump Administration appears to value such cooperation.

Recently, some European governments and the EU have bristled at President Trump's call for European countries to repatriate European fighters and sympathizers captured by U.S.-backed forces in Syria and Iraq or risk their release as the United States prepares to withdraw its forces from Syria. Many European governments have been grappling with how to deal with returning Islamic State fighters and their families, but some are hesitant to assume the associated security risks of bringing such citizens home. Amid broader tensions, some analysts worry about fissures developing between the United States and Europe on counterterrorism strategies and tactics.[41]

Climate Change[42]

The EU reacted with dismay to President Trump's announcement in June 2017 that the United States would withdraw from the 2015 multilateral Paris Agreement aimed at reducing greenhouse gas emissions and combating climate change (the U.S. withdrawal is due to take effect in November 2020). The EU had worked closely with the former Obama Administration to negotiate

[38] Thomas Gibbons-Neff and Julian E. Barnes, "Under Peace Plan, U.S. Military Would Exit Afghanistan Within Five Years," *New York Times*, February 28, 2019.

[39] Rupam Jain and Rod Nickel, "Left Out of Peace Talks, U.S. Allies Reassess Afghan Support," *Reuters*, March 15, 2019.

[40] For background, see CRS Report RS22030, *U.S.-EU Cooperation Against Terrorism*, by Kristin Archick.

[41] Michael Birnbaum, "European Leaders Hit at Trump's Demands That They Take Back Ex-ISIS Citizens from Syria," *Washington Post*, February 18, 2019; Lorne Cook and Geir Moulson, "EU States Mixed on Trump Demand to Take Back IS Fighters," *Associated Press*, February 18, 2019.

[42] Also see CRS In Focus IF10668, *Potential Implications of U.S. Withdrawal from the Paris Agreement on Climate Change*, by Jane A. Leggett.

the 2015 accord. In announcing his decision, President Trump asserted that the Paris Agreement disadvantages U.S. businesses and workers, but he also indicated that he would be open to negotiating a "better" deal.[43] The EU rejects any renegotiation of the Paris Agreement, and EU officials have vowed to work with U.S. business leaders and state governments that remain committed to implementing the accord's provisions.

Analysts suggest that the Trump Administration's decision to withdraw from the Paris Agreement has spurred the EU to assume even greater stewardship of the accord. In February 2018, the EU asserted that it would not conclude FTAs with countries that do not ratify the Paris Agreement, creating another potential friction point in U.S.-EU trade discussions. The EU continues to voice support for other international partners—especially developing countries—in meeting their commitments to the Paris Agreement and has intensified cooperation with China in particular.[44] At the same time, observers point out that some EU countries are facing challenges in meeting their existing targets to reduce greenhouse gas emissions and efforts to formalize more ambitious EU emissions reduction goals have encountered a degree of resistance within the EU.[45]

Trade and Economic Issues[46]

Current Trade and Investment Ties

The United States and the EU are each other's largest trade and investment partners. Total U.S.-EU trade in merchandise and services reached $1.3 trillion in 2018 (**Figure 2**). Investment ties, including affiliate presence and intra-company trade, are even more significant given their size and interdependent nature. In 2017, the stock of transatlantic foreign direct investment (FDI) totaled over $5 trillion (**Figure 3**); the EU accounts for over half of both FDI in the United States and U.S. direct investment abroad.

While the transatlantic economy is highly integrated, it still faces tariffs and nontariff barriers to trade and investment. U.S. and EU tariffs are low on average, though tariffs are high on some sensitive products. Regulatory differences and other nontariff barriers also may raise the costs of U.S.-EU trade and investment. Over the years, the United States and the EU have sought to further liberalize trade ties, enhance regulatory cooperation, and work together on international economic issues of joint interest and concern, for instance, regarding China's trading practices.

Although U.S.-EU trade and economic frictions emerge periodically, tensions are currently heightened under the Trump Administration's trade policy, which has given priority to reducing U.S. bilateral trade deficits, utilizing unilateral tariff measures under U.S. trade laws, and applying a critical view of the U.S. role in international economic cooperation. EU officials are troubled in particular by the Trump Administration's skepticism of the WTO, and they are concerned that it reflects a broader U.S. shift away from international cooperation. At the same time, many WTO members, including the United States and EU, are engaged in active

[43] The White House, *Statement by President Trump on the Paris Climate Accord*, June 1, 2017.

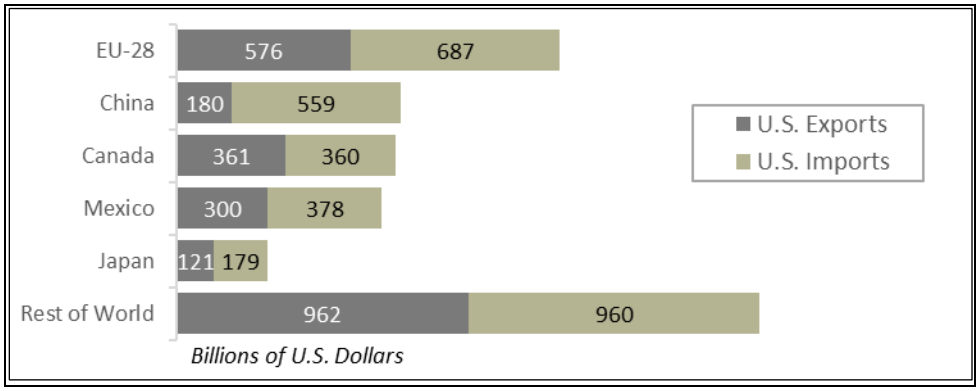
[44] Dave Keating, "EU Tells Trump: No Paris Climate Deal, No Free Trade," *Forbes*, February 8, 2018; European Commission, "EU and China Step Up Cooperation on Climate Change and Clean Energy," press release, July 16, 2018.

[45] "Merkel Says EU Should Meet Existing Emissions Aims, Not Set New Ones," *Reuters*, August 26, 2018; Claire Stam, "European Commission Abandons Plans to Raise Climate Ambition," EurActiv.com, October 2, 2018.

[46] Also see CRS In Focus IF10931, *U.S.-EU Trade and Economic Issues*, by Shayerah Ilias Akhtar, and CRS In Focus IF11209, *Proposed U.S.-EU Trade Agreement Negotiations*, by Shayerah Ilias Akhtar, Andres B. Schwarzenberg, and Renée Johnson.

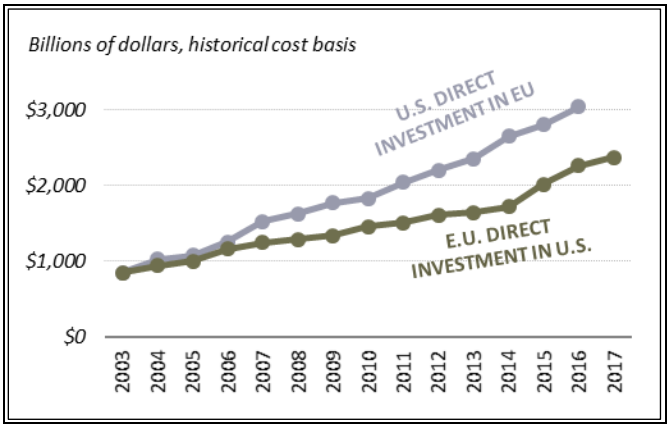
discussions on aspects of potential reform to the WTO, including changes to its dispute settlement system.[47] Meanwhile, the United States continues to monitor developments on a wide range of EU trade and other policies, such as on data protection, digital trade, and penalties for corporate tax avoidance, some of which the United States sees as trade barriers.

Figure 2. U.S. Merchandise and Services Trade with Major Partners, 2018



Source: CRS, based on data from U.S. Bureau of Economic Analysis.

Figure 3. U.S. Stock of Foreign Direct Investment with the EU, 2003-2017



Source: CRS, based on data from U.S. Bureau of Economic Analysis.

Notes: Foreign direct investment is on a historical cost basis.

Trade Disputes

The Trump Administration blames "unfair" trade practices by the EU, and particularly Germany, for the U.S. merchandise trade deficit with the EU. In 2018, the United States had an overall $110 billion deficit in merchandise and services trade with the EU, as the deficit in merchandise trade ($170 billion) outweighed the surplus for trade in services ($60 billion).

President Trump has criticized in particular the U.S.-EU imbalance on auto trade, flagging the EU 10% tariff and U.S. 2.5% tariff on cars—though the U.S. tariff rate for trucks is higher (25% versus 22% in the EU). The role of "unfair" trade practices as a driver of trade deficits is

[47] CRS Report R45417, *World Trade Organization: Overview and Future Direction*, coordinated by Cathleen D. Cimino-Isaacs, and CRS In Focus IF10002, *The World Trade Organization*, by Ian F. Fergusson and Rachel F. Fefer.

contested.[48] EU leaders maintain that the U.S.-EU trade relationship is fair and mutually beneficial given the U.S. services surplus and the higher profits earned by U.S. companies doing business in Europe.[49] In 2016, affiliates of U.S. multinational enterprises (MNEs) in Europe had $2.8 trillion in sales, while affiliates of European MNEs in the United States had $2.2 trillion in sales.[50]

On June 1, 2018, President Trump imposed tariffs of 25% and 10% on certain steel and aluminum imports, respectively, under Section 232 of the Trade Expansion Act of 1962, after Department of Commerce investigations found that current imports threaten to impair U.S. national security.[51] The EU, which represented 22% of U.S. steel imports and 9% of U.S. aluminum imports in 2018, received an initial temporary exemption from the tariffs, but unlike some other trading partners, it was unable to negotiate a permanent tariff exemption in exchange for an alternative quota arrangement. Most European leaders view the imposition of the steel and aluminum tariffs on the EU as baseless given close U.S.-EU political and security ties. The EU response to the U.S. tariffs has been multifaceted. Among other measures, the EU has imposed retaliatory tariffs against selected U.S. products, including, for example, Kentucky bourbon and Harley-Davidson motorcycles. Both sides are now pursuing cases in the WTO on the measures.

The Section 232 investigation of automobiles and parts has further strained relations, and its outcome could be highly significant to proposed new U.S.-EU trade negotiations (see below). Motor vehicles are a leading U.S. import from the EU, and some EU auto companies have manufacturing facilities in the United States. On May 17, 2019, President Trump announced that the Section 232 auto investigation found that U.S. imports of motor vehicles and parts threaten to impair U.S. national security. Although this finding allows the President to impose unilateral import restrictions such as tariffs, the President decided initially to seek a negotiated solution and directed the U.S. Trade Representative (USTR) to resolve this threatened impairment through negotiating agreements with the EU, Japan, and any other country that the USTR deems appropriate. The USTR must update the President on the progress of the negotiations within 180 days.[52]

Frictions also may rise with new developments in the protracted U.S.-EU "Boeing-Airbus" cases in WTO dispute settlement; each side has long complained about subsidies imposed by the other to its domestic civil aircraft industry. In April 2019, the United States and EU announced preliminary lists of their traded goods on which they propose to impose countermeasure tariffs of

[48] Some observers argue that the trade deficit costs U.S. jobs, is unsustainable, or reflects unfair trade practices by foreign competitors. In contrast, most economists conclude that the trade deficit stems largely from U.S. macroeconomic policies and an imbalance between saving and investment in the economy, and that trade's long-run net effect on the overall economy is positive although some workers and firms may experience a disproportionate share of short-term adjustment costs. For more information, see CRS In Focus IF10619, *The U.S. Trade Deficit: An Overview*, and CRS Report R45243, *Trade Deficits and U.S. Trade Policy*, both by James Jackson.

[49] See, for example, Rebecca Morin, "Trump Speaks with Juncker on Trade Negotiations," *Politico Europe*, July 27, 2018.

[50] For U.S. government statistics on U.S. and European affiliate income, see the U.S. Bureau of Economic Analysis, "Direct Investment and MNE" interactive data for majority-owned affiliates. For additional information on the role of foreign affiliates in the transatlantic economic relationship, see Daniel S. Hamilton and Joseph P. Quinlan, *The Transatlantic Economy: Annual Survey of Jobs, Trade and Investment Between the United States and Europe 2019*, Foreign Policy Institute, Johns Hopkins University SAIS, 2019.

[51] For more information, see CRS Report R45249, *Section 232 Investigations: Overview and Issues for Congress*, coordinated by Rachel F. Fefer and Vivian C. Jones.

[52] Proclamation of President Donald J. Trump, *Adjusting Imports of Automobiles and Automobile Parts Into the United States*, May 17, 2019, at https://www.whitehouse.gov/presidential-actions/adjusting-imports-automobiles-automobile-parts-united-states/. Also see CRS In Focus IF10971, *Section 232 Auto Investigation*, coordinated by Rachel F. Fefer.

$11.2 billion and $12 billion, respectively, to compensate for harm they claim that the other's subsidies have caused.[53] A final WTO assessment is expected this summer on the countermeasure value amounts that each side is entitled to impose. Although the Boeing-Airbus cases have been in WTO litigation for 14 years, the current environment raises questions about potential tit-for-tat retaliation.

Proposed New Trade Negotiations

On October 16, 2018, the Trump Administration notified Congress under Trade Promotion Authority (TPA) of new U.S. trade agreement negotiations with the EU to seek a "fairer, more balanced" relationship.[54] Prior U.S.-EU negotiations on a Transatlantic Trade and Investment Partnership (T-TIP) stalled after 15 rounds under the Obama Administration. The proposed new talks follow the July 2018 U.S.-EU Joint Statement that aimed to de-escalate current trade tensions (agreed between President Trump and European Commission President Jean-Claude Juncker).[55] The new talks have not started formally yet.

U.S.-EU disagreement over the scope of the new talks has cast uncertainty over their outlook. U.S. negotiating objectives aim to address tariffs and nontariff barriers for goods, services, agriculture, government procurement, intellectual property rights, investment, and other areas, including new issues such as digital trade. The United States may seek to negotiate in stages. The EU, which insists on not negotiating "with a gun to our head," seeks limited negotiations to defuse tensions and avoid the pitfalls of the wide-ranging T-TIP negotiations. EU negotiating directives authorize the European Commission to eliminate tariffs on industrial products (but specifically exclude agriculture) and address regulatory nontariff barriers in a conformity assessment agreement to make it easier for companies to prove their products meet EU and U.S. technical requirements while maintain a high level of protection in the EU.[56]

The EU claims it is adhering to commitments made in the Joint Statement, in which the two sides announced plans to launch negotiations to eliminate tariffs, nontariff barriers, and subsidies on "non-auto industrial goods," as well as to boost trade specifically in services, chemicals, pharmaceuticals, medical products, and U.S. soybeans. In the Joint Statement, the United States and EU also committed to: enhancing their strategic cooperation on energy to boost the EU's purchase of U.S. liquefied natural gas (LNG) to diversify its energy supply, launching a dialogue on standards and regulations to reduce exporting barriers and costs, and working with "like-minded partners" to address unfair trade practices and WTO reform. Although the two sides have not started the new trade negotiations formally, the EU notes progress in advancing some of the other commitments from the Joint Statement—for instance, the rise in EU imports of soybeans and LNG from the United States. U.S.-EU regulatory cooperation also is ongoing for such sectors as pharmaceuticals, medical products, and chemicals.

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[53] Office of the U.S. Trade Representative, "USTR Proposes Products for Tariff Countermeasures in Response to Harm Caused by EU Aircraft Subsidies," press release, April 8, 2019; and European Commission, "WTO Boeing Dispute: EU Issues Preliminary List of U.S. Products Considered for Countermeasures," press release, April 17, 2019.

[54] TPA grants expedited congressional consideration of implementing bills for reciprocal trade agreements negotiated by the executive branch, which must comply with TPA requirements, including meeting congressional notification and consultation requirements and advancing congressional negotiating objectives. See CRS In Focus IF10038, *Trade Promotion Authority (TPA)*, by Ian F. Fergusson.

[55] Also see CRS Insight IN10951, *Proposed U.S.-EU Trade Negotiations: Hitting Pause on a Trade War?*, by Shayerah Ilias Akhtar.

[56] In the EU, a conformity assessment is required to ensure that a product for placement on the market complies applicable requirements, such as on testing, inspection, and certification.

A key feature of the proposed negotiations is their potential role in defusing current U.S.-EU trade tensions. Although the two sides agreed in the Joint Statement not to escalate tariffs while negotiations are active and to examine the Section 232 steel and aluminum tariffs, President Trump has threatened the EU repeatedly with tariffs, including over its exclusion of agriculture. The EU asserts it will stop negotiating if the United States applies new Section 232 tariffs, and it may stop negotiating if subject to new trade restrictions under other U.S. trade laws.

A path forward on the negotiations appears unclear due to a number of factors. Differences on the scope, especially on agriculture, could thwart the negotiations before they even start formally. Many in Congress and in the U.S. agricultural sector oppose excluding agriculture from the negotiations, viewing the negotiations as an opportunity to address key U.S. concerns about barriers to accessing European agricultural markets.[57] For the EU, agriculture is a sensitive issue, stemming in part from commercial and cultural practices often enshrined in EU laws and regulations, which also often differ from those of the United States. If formal negotiations start, a narrow agreement could lead to some "wins" and facilitate further negotiations, but such an agreement may be limited to trade liberalization across a few sectors. Yet, T-TIP shows the challenges of negotiating a more comprehensive FTA. Potential Section 232 auto tariffs, while possibly preserving U.S. negotiating leverage, loom large over the negotiations in how they could affect EU willingness to engage.

The priority that each side gives to the negotiations also is an open question, given ongoing EU-UK negotiations over Brexit and the proposed U.S.-UK FTA negotiations—contingent upon the UK regaining a national trade policy after it withdraws from the EU. Concluding even limited U.S.-EU trade negotiations likely will take time, and the EU approval process may be lengthy, given the role of the European Parliament and member states. If a U.S.-EU trade agreement is concluded, it is unclear if, on the U.S. side, it would meet congressional expectations or TPA requirements. On the EU side, complexities include Brexit, which would remove the UK's leading voice on trade liberalization from the EU. France opposes the U.S.-EU talks due to the U.S. position on global efforts to address climate change.

Successful negotiations, however defined, could help resolve the current standoff over tariffs; moreover, they could rebuild trust and reinforce trade ties amid shifts in U.S. trade policy approaches under the Trump Administration and transformations to the EU post-Brexit. In addition, while an FTA could be commercially significant in improving the competitiveness of U.S. and EU businesses in each other's market, it also could be strategically significant for the United States and EU in jointly shaping global "rules of the road" on new trade issues and in addressing issues of mutual concern (e.g., regarding China's trade practices). However, if the talks fail, trade tensions could escalate. Some transatlantic observers fear a continuation of tit-for-tat tariff escalation. Alternatively, the two sides may explore other avenues for engagement, such as enhanced regulatory cooperation and sectoral agreements.

Implications for the United States

U.S. Policy Considerations and Future Prospects

For the past 70 years, the transatlantic relationship has been grounded in a commitment to the post-World War II order based on alliances with like-minded democratic partners. U.S. support

[57] See, for example, Letter from bipartisan group of 114 Members of the House of Representatives to Ambassador Lighthizer, U.S. Trade Representative, March 14, 2019; and Senator Grassley, "Grassley Statement on the Omission of Agriculture from the E.U. Trade Negotiating Mandate," press release, April 15, 2019.

for a strong partnership with Europe has been premised largely on the belief that U.S. leadership of NATO and close U.S.-EU ties promote U.S. security and stability and magnify U.S. global influence and financial clout. Despite periodic U.S.-European tensions over the decades and changes in the security environment since the end of the Cold War, most experts judge that the transatlantic partnership continues to advance U.S. strategic and economic interests.

The Trump Administration's 2017 *National Security Strategy* reiterates the long-standing view that "the United States is safer when Europe is prosperous and stable, and can help defend our shared interests and ideals."[58] The Administration argues, however, that Europe is not prepared to address what it sees as growing great power competition. President Trump's calls for NATO allies to spend more on defense and shoulder more of the security burden reflect this worldview, as well as his commitment to ensure that U.S allies do not "take advantage of their friendship with the United States, both in military protection and trade."[59]

Some commentators maintain that President Trump has asked legitimate questions about whether there is sufficient burdensharing within NATO given current threats and Europe's relatively weak military capabilities. Some analysts suggest that President Trump has succeeded more than past U.S. presidents in demanding that European allies increase defense budgets. Administration supporters also credit President Trump with compelling the EU to address U.S. trade concerns, and they welcomed provisions in the July 2018 U.S.-EU Joint Statement aimed at boosting EU purchases of soybeans and LNG.[60]

Many U.S. officials and some outside experts downplay concerns about a dwindling U.S. commitment to the transatlantic partnership. They point out that there has been continuity in many U.S. policies toward Europe. The Trump Administration has sought to bolster NATO efforts to deter Russia and supported Montenegro's accession to NATO (in 2017), as well as the signing of North Macedonia's NATO accession protocol in February 2019 following the resolution of its name dispute with Greece. As noted previously, the United States has sought to work with the EU on de-escalating tensions over trade and tariffs. Furthermore, U.S. officials contend that the United States hopes to cooperate with European allies and partners in tackling global foreign policy and security issues. Secretary of State Pompeo has urged European governments to work with the United States to confront common challenges posed by Russia, China, and Iran (among others) and to reform international institutions such as United Nations and the WTO.[61]

Critics contend, however, that the Trump Administration's policies and rhetoric toward NATO, the EU, and some key allies are damaging the transatlantic partnership, undermining the trust and confidence upon which it ultimately rests, and creating significant uncertainty about the U.S. commitment to European security and U.S.-EU cooperation. European officials and analysts have been relieved that President Trump has voiced support for NATO and Article 5, but some suggest that by tying the U.S. commitment to NATO to increases in allied defense spending, President Trump is harming the credibility of the U.S. security guarantee. This, in turn, could weaken U.S. leadership of the alliance and embolden Russia.

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[58] The White House, *National Security Strategy of the United States of America*, December 2017, p. 47.

[59] As quoted in Garrett Ross, "Trump Swipes at Senators, Mattis over Military Alliances," *Politico Europe*, December 24, 2018.

[60] Vicki Needham, "Ross Credits Trump's Tough Trade Policy for Bringing the EU to the Table," TheHill.com, July 26, 2018; Dan Balz and Griff Witte, "Europeans Fear Trump May Threaten Not Just the Transatlantic Bond, but the State of Their Union," *Washington Post*, February 4, 2019.

[61] U.S. Secretary of State Michael R. Pompeo, *Restoring the Role of the Nation-State in the Liberal International Order*, German Marshall Fund, Brussels, Belgium, December 4, 2018.

Many observers assert that President Trump's seemingly transactional view of NATO and the broader U.S.-European relationship is detrimental to transatlantic cohesion. Following the September 11, 2001, terrorist attacks on the United States, NATO invoked Article 5 and European allies fought and died with U.S. forces in Afghanistan. Some analysts suggest that European support for the U.S. and NATO missions in Afghanistan is driven more by the desire to stand as allies with the United States, and less by the view that instability in Afghanistan poses a significant threat to their own security. Experts increasingly question whether the allies will follow where the United States leads in the future. As a prime example of diminished cohesion, many point to current European reluctance to keep forces in Syria to guard against an Islamic State resurgence after the expected U.S. troop withdrawal. Such U.S.-European divisions are widely considered a win for Russia, both in terms of undermining the transatlantic partnership and consolidating Russia's influence in Syria.[62]

Some European leaders worry about potential U.S. global disengagement and argue that Europe must be better prepared to address both regional and international challenges on its own. Many observers view EU efforts over the past few years to conclude trade agreements with other countries and regions (including Canada, Japan, and Latin America) and to enhance defense cooperation as aimed, in part, at reducing European dependence on the United States. Some analysts suggest that recent calls by French President Emmanuel Macron for a "European army" seek to underscore the need to boost European military capabilities in the face of growing uncertainty about the future U.S. role in the world. German Chancellor Angela Merkel subsequently supported Macron's position on developing a European army, although she noted that it should seek to complement, not compete with, NATO.[63]

Others contend that the transatlantic partnership will endure. Europe remains largely dependent on the U.S. security guarantee, and the magnitude of U.S.-EU trade and investment ties will continue to bind together the two sides of the Atlantic. Those with this view also point out that the United States and Europe continue to share broadly similar values and policy outlooks and have few other partners of comparable size and influence elsewhere in the world. Some observers note that European allies have sought to respond constructively to President Trump's criticisms of NATO. Many experts believe that despite U.S.-EU tensions on certain policy issues, the EU will seek to work with the Trump Administration where possible and will aim to preserve political, security, and economic relations with the United States for the long term. The EU continues to cooperate with the United States on issues of common interest and concern, such as countering terrorism, promoting cybersecurity, and reforming the WTO, and plans to negotiate a new trade agreement with the United States (although formal negotiations have yet to begin).

Issues for Congress

Many Members of Congress regard a strong, close transatlantic partnership as crucial to U.S. national security and economic interests. In February 2019, Speaker Pelosi led a congressional delegation to Europe and asserted that the visit sought to reaffirm "our commitment to the transatlantic alliance, our commitment to NATO and respect for the European Union."[64] In the

[62] Rick Noack, "Syria and Afghanistan Are Losing U.S. Troops But 'Fort Trump' Talks Are Going Well, Poland Says," *Washington Post*, December 21, 2018.

[63] Philip Blenkinsop and Noah Barkin, "America Last? EU Says Trump Is Losing on Trade," *Reuters*, January 15, 2018; Maia de la Baume and David M. Herszenhorn, "Merkel Joins Macron in Calling for EU Army to Complement NATO," *Politico Europe*, November 14, 2018.

[64] As quoted in, David M. Herszenhorn, "Nancy Pelosi to Europe: Trump Is Not the Boss," *Politico Europe*, February 19, 2019.

115th Congress, hearings addressed a wide range of current European issues—from Brexit to EU policy toward Russia to European migration issues. In the 116th Congress, several hearings focused on NATO ahead of its 70th anniversary in April 2019, and on the broader transatlantic relationship under the Trump Administration.[65]

Broad bipartisan support exists in Congress for NATO. While many Members of Congress have criticized specific developments within NATO—regarding burdensharing, for example—Congress as a whole has long backed NATO and U.S. leadership of the alliance. During the Trump Administration, expressions of congressional support have been viewed at times as an effort to reassure allies troubled by President Trump's criticisms of the alliance.

During the Trump Administration, both chambers of Congress have passed legislation expressly reaffirming U.S. support for NATO, including legislation passed by the House in January 2019 (H.R. 676) seeking to limit the president's ability to withdraw from NATO unilaterally. Legislation similar to H.R. 676 has been introduced in the Senate (S.J.Res. 4 and S. 482).[66] Some analysts viewed the bipartisan House-Senate invitation to NATO Secretary General Jens Stoltenberg to address a joint session of Congress in April 2019 as an additional demonstration of NATO's importance to Congress.

Many Members of Congress also have considered the EU to be vital to European peace and prosperity, and thus serving U.S. interests. In the 115th and 116th Congresses, some House and Senate Members have sought to reassure EU officials and member state governments of continued U.S. support for the EU, in part through visits to Brussels and key European capitals, the reestablishment of the EU Caucus in the House, and continued House participation in the Transatlantic Legislators' Dialogue (TLD) with the European Parliament. In early 2019, some Members of Congress urged the Trump Administration to reinstate the status of the EU's diplomatic mission to the United States as equivalent to that of a national mission after the State Department downgraded it in late 2018 to that of an international organization (which has protocol implications).[67]

Congress traditionally has viewed U.S.-European trade and investment relations as being largely mutually beneficial. H.Res. 810, introduced in April 2018 by Representative William Keating, would have reaffirmed the importance of U.S.-EU trade and investment ties to the economic and national security interests of the United States. Some Members have expressed varying degrees of concern about the Trump Administration's imposition of tariffs on steel and aluminum imports from the EU and other U.S. trading partners. This concern could prompt legislative debate over modifying the President's delegated authority under Section 232 (see, for example, S. 3013).[68]

At the same time, some Members of Congress share the Administration's critical views on certain European foreign and economic policies. Like the Administration, many Members are concerned about European defense spending levels and have long objected to any EU initiatives to build European defense capabilities that could ultimately compete with NATO. Some Members are

[65] House Foreign Affairs Committee, "NATO at 70: An Indispensable Alliance," 116th Cong., 1st sess., March 13, 2019; House Foreign Affairs Committee, Subcommittee on Europe, Eurasia, Energy, and the Environment, "The Historic American Alliance with Europe," 116th Cong., 1st sess., March 26, 2019; Senate Foreign Relations Committee, "NATO at 70: A Strategic Partnership for the 21st Century," 116th Cong., 1st sess., April 2, 2019; House Foreign Affairs Committee, Subcommittee on Europe, Eurasia, Energy, and the Environment, "The Future of NATO: New Challenges and Opportunities," 116th Cong., 1st sess., April 2, 2019.

[66] For other recent legislation in support of NATO, see H.Res. 397 (115th); H.R. 5515/P.L. 115-232 (115th); H.Res. 256 (115th); and S.Res. 123 (116th).

[67] Emma Anderson, "US Bumps EU Diplomatic Status Back Up After Downgrade," *Politico Europe*, March 4, 2019.

[68] For more information, see CRS Report R45249, *Section 232 Investigations: Overview and Issues for Congress*, coordinated by Rachel F. Fefer and Vivian C. Jones.

wary about what they view as growing Chinese influence in Europe, and troubled by potential European efforts to protect business interests from potential U.S. secondary sanctions on Iran or Russia. Considerable congressional opposition exists to projects such as the Nord Stream 2 natural gas pipeline, which many Members believe would increase European dependence on Russian gas. Some Members agree with the Administration that any new U.S.-EU trade talks must include agriculture.

Members of Congress may wish to assess the extent to which the transatlantic relationship contributes to promoting U.S. strategic and economic interests, and the implications of the Administration's policies on the U.S.-European partnership in the short and long term. Deliberation may include the following potential issues:

- **NATO.** Congress may wish to examine the future of the alliance further. This could entail evaluating the current state of alliance cohesion, the extent of burdensharing within the alliance and how best to measure allied contributions, possible future threats facing NATO and whether NATO is equipped to manage such challenges, and NATO's costs and benefits for the United States.
- **U.S.-EU Economic Relations.** Based on its constitutional role over tariffs and foreign commerce, Congress has a direct interest in monitoring and shaping the proposed new U.S.-EU trade agreement negotiations, and it could consider implementing legislation for a potential final trade agreement under Trade Promotion Authority. Congress may be interested in the implications of Administration trade and tariff policies and the extent to which EU retaliatory tariffs and potential U.S. auto tariffs could affect U.S.-EU trade and investment ties. Members of Congress also may wish to consider the extent to which U.S.-EU cooperation on trade issues could help address issues of mutual concern, such as with respect to China's trading practices or the development of globally-relevant rules on trade.
- **Future of the EU.** The EU is contending with numerous internal and external challenges. The EU also faces leadership changes, with a new European Parliament elected in May 2019 and a new European Commission and President of the European Council due to take office in late 2019. Congress may wish to examine whether and how such issues could affect the EU's future development and U.S.-EU cooperation.
- **Brexit.** Congress may wish to consider Brexit's implications for U.S.-UK and U.S.-EU relations, as well as for NATO and the Northern Ireland peace process. Congress may also examine possible options and prospects for a future U.S.-UK trade agreement following Brexit.
- **Russia.** Prospects for further U.S.-European cooperation on Russia, especially in the context of deliberations on imposing additional sanctions or employing other foreign policy tools to address concerns about Russia's activities, may be of interest to Congress. European vulnerabilities to hostile Russian measures and the degree to which Russia could benefit from transatlantic divisions may be issues for congressional oversight.
- **China.** Amid concerns on both sides of the Atlantic about China's growing global influence, Congress may wish to assess where U.S. and European policies converge and diverge with respect to China and possibilities for future U.S.-European cooperation in managing the rise of China.

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