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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 NATO's strategic value, and they have expressed considerable skepticism about the EU and the multilateral trading system. President Trump repeatedly voices 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. The United Kingdom's departure from the EU ("Brexit") on January 31, 2020, could have implications for U.S. security and economic interests in Europe. U.S.-European divisions have emerged on regional and global issues, from aspects of relations with Russia and China to policies on Iran, Syria, arms control, and climate change. Managing the spread of Coronavirus Disease 2019 (COVID-19) has further strained relations.

The Trump Administration asserts that its policies toward Europe seek to ensure that European allies and partners are equipped to work with the United States in confronting the challenges posed by an increasingly competitive world. U.S. officials maintain that the U.S. commitment to NATO and European security remains steadfast; the Trump Administration has backed new NATO initiatives to deter Russian aggression, supported the accession of two new members to the alliance, and increased U.S. troop deployments in Europe. The Administration also contends that it is committed to working with the EU, as signaled by its intention to pursue a U.S.-EU trade liberalization agreement. 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 consultation and 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 increasingly 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 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 IF10930, *U.S.-EU Trade and Investment Ties: Magnitude and Scope*, by Shayerah Ilias Akhtar.

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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; 21 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.

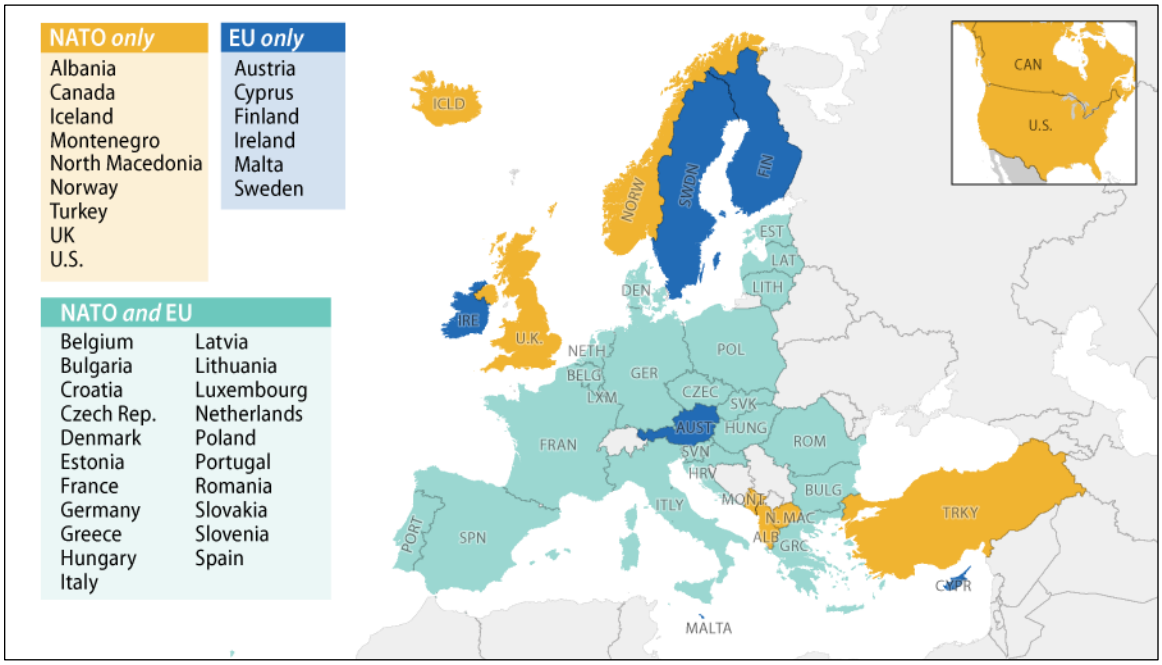
Congress has been actively engaged in oversight of U.S. policy toward Europe and has played a key role in shaping the transatlantic partnership. After the end of the Cold War, many Members of Congress encouraged NATO's evolution—arguing that to remain relevant, NATO must be prepared to confront security 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.

Under the Trump Administration, U.S.-European divisions have emerged on a range of other issues as well, from aspects of relations with Russia and China to policies on Iran, Syria, and the Middle East peace process. Many European officials are dismayed by the U.S. decision to withdraw from the Paris Agreement to combat climate change. Tensions also have arisen over EU plans to improve defense capabilities and U.S.-EU strategies for resolving the long-standing dispute in the Western Balkans between Serbia and Kosovo. In addition, U.S.-European differences exist on the role of multilateral organizations such as the United Nations (U.N.) and the World Trade Organization (WTO).

Figure 1. NATO and EU Membership



Source: Created by CRS.

U.S. officials contend that Trump Administration policies toward Europe seek to shore up and preserve a strong transatlantic partnership to better address common challenges in an increasingly competitive world. At the February 2020 Munich Security Conference in Germany, U.S. Secretary of State Michael Pompeo stated, "the death of the transatlantic alliance is grossly over-exaggerated."[1] 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 forceful 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. European officials appear alarmed by a perceived breakdown in consultations with the United States on a string of issues with implications for European foreign policy and security interests. These issues include the drawdown of U.S. forces in the international coalition in Syria fighting the Islamic State terrorist

[1] U.S. Department of State, "The West Is Winning," Speech by Secretary of State Michael R. Pompeo, Munich, Germany, February 15, 2020.

organization in 2019 and the U.S. drone strike in early 2020 that killed an Iranian military commander and heightened tensions in the Persian Gulf. The EU also criticized the Trump Administration's lack of coordination in announcing a travel ban from most EU countries in mid-March 2020 to help combat the spread of Coronavirus Disease 2019 (COVID-19). Some in Europe increasingly question whether and to what extent the United States will remain a credible and reliable partner in managing international challenges in the long term.

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.[2] These include the United Kingdom's (UK's) departure from the EU (known as "Brexit") at the end of January 2020; increased support for populist, antiestablishment political parties; rule-of-law concerns in several countries (including Poland, Hungary, and Romania); negative economic implications of the COVID-19 pandemic amid already sluggish EU-wide growth; 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 political, social, and economic issues, as well as antiestablishment sentiments and concerns about globalization and immigration among some segments of the U.S. public. Some analysts suggest that President Trump's "America First" foreign policy indicates a U.S. shift 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 bipartisan consensus "about America's role as upholder of global security has collapsed."[3]

In his remarks at the February 2020 Munich Security Conference, Secretary of State Pompeo asserted that the United States has not abandoned its global leadership role. However, European officials and commentators noted his emphasis on the importance of "sovereignty," which they interpreted as signaling a decreased U.S. interest in international cooperation and consultation, especially through multilateral institutions.[4] Such possible trends could have lasting implications for transatlantic relations and the post-World War II U.S.-led global order.[5]

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.

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

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

[4] Michael Birnbaum, John Hudson, and Loveday Morris, "At Munich Security Conference, an Atlantic Divide: U.S. Boasting and European Unease," *Washington Post*, February 15, 2020; Matthew Karnitschnig, "Trump Camp Finds No Appeasement at Munich," *Politico*, February 16, 2020.

[5] Also see CRS Report R44891, *U.S. Role in the World: Background and Issues for Congress*, by Ronald O'Rourke and Michael Moodie.

The Transatlantic Partnership and U.S. Interests[6]

Despite periodic difficulties over the years, U.S. and European policymakers alike have valued a close transatlantic partnership as serving their respective geostrategic and economic interests. U.S. officials, 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 in Europe and stymieing big-power competition that cost over 500,000 American lives in two world wars.[7]
- 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 of U.S. global leadership, including in multilateral institutions such as the U.N. 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 contributes to economic growth and employment on both sides of the Atlantic. The United States and the EU are each other's largest trade and investment partners. The transatlantic economy (including the EU and non-EU countries such as the UK, Norway, and Switzerland) typically generates overs $5 trillion per year in foreign affiliate sales and directly employs over 9 million workers on both sides of the Atlantic (and possibly up to 16 million people when indirect employment is included).
- 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. In 2018, the combined U.S. and EU economies accounted

[6] Economic data in this section are drawn primarily from CRS In Focus IF10930, *U.S.-EU Trade and Investment Ties: Magnitude and Scope*, by Shayerah Ilias Akhtar; U.S. Bureau of Economic Analysis, *Europe – International Trade and Investment Country Facts*, at https://apps.bea.gov/international/factsheet/; and Daniel S. Hamilton and Joseph P. Quinlan, *The Transatlantic Economy: Annual Survey of Jobs, Trade and Investment Between the United States and Europe 2020*, Foreign Policy Institute, John Hopkins University SAIS, 2020.

[7] 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.

> for nearly half of global gross domestic product (GDP) and over half of global foreign direct investment (FDI). Together, the United States and Europe thus possess 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[8]

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 30 members. Successive U.S. Administrations have viewed U.S. leadership of NATO as a cornerstone of U.S. national security strategy. President Trump's apparent skepticism of the value and utility of NATO, however, has generated significant unease and tensions within the alliance. Many European policymakers and outside analysts contend that President Trump's rhetoric and a perceived U.S. unilateral approach to certain common challenges—in Syria, for example—are prompting questions about U.S. leadership of NATO and potentially causing lasting damage to alliance cohesion and credibility.

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 also has proclaimed his support for Article 5.) U.S. strategy documents 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

[8] Also see CRS Report R45652, *Assessing NATO's Value*, and CRS Report R46066, *NATO: Key Issues Following the 2019 Leaders' Meeting*, both by Paul Belkin.

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.

Benefits, Costs, and Burdensharing

U.S. supporters of NATO contend that for 70 years, NATO has benefited U.S. strategic interests, from securing and promoting peace and stability in Europe to providing political and military support from an increasing number of 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.

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. In 2015, following the end of its 11-year-long combat mission in Afghanistan, NATO launched the Resolute Support Mission (RSM) to train, advise, and assist Afghan security forces. Between 2015 and late 2018, NATO allies and partners steadily matched U.S. increases in troop levels to RSM. Many in Europe and Canada view their contributions in Afghanistan as a testament to the value they can provide in achieving shared security objectives. As of April 2020, 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]

For almost as long as NATO has been in existence, however, 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 successive U.S. Administrations have 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 (see **text box**).[11]

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. NATO Secretary General Jens Stoltenberg has credited President Trump with playing a key role in spurring increases in European allied defense spending.[12] Critics of the Trump Administration's NATO policy maintain that renewed Russian aggression has been a major factor behind rising European defense budgets.

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[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.

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

[12] David Wemer, "NATO's Stoltenberg Credits Trump as Allies Increase Defense Spending," Atlantic Council, July 11, 2018.

NATO Defense Spending

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 nine allies met the target in 2019 (Bulgaria, Estonia, Greece, Latvia, Lithuania, Poland, Romania, 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 an estimated 1.38% 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 (2013-2019)*, November 29, 2019, at https://www.nato.int/cps/en/natohq/news_171356.htm.

Tensions in the Alliance and Ongoing Challenges

Despite stated Trump Administration support for NATO, 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.[13] European allies object to the President's claims that European countries take advantage of the United States by not spending enough on their own defense. They stress that 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, Eastern Europe, Afghanistan, the Mediterranean Sea, and the Middle East.

Many officials and analysts on both sides of the Atlantic assert that President Trump's vocal criticism of NATO and what they regard as an increasing lack of transatlantic coordination have undermined the alliance.[14] In a widely reported November 2019 interview, French President Emmanuel Macron cited such divergences when he proclaimed that, "we are currently experiencing the brain death of NATO." Referring to concerns about the drawdown of U.S. forces from Syria in October 2019 and subsequent military operations by Turkey, he lamented, "You have partners together in the same part of the world, and you have no coordination whatsoever of strategic decision-making between the United States and its NATO allies."[15]

NATO Secretary General Stoltenberg maintains that disagreement among allies is not a new phenomenon and stresses that "Europe and North America are doing more together in NATO today than we have for decades."[16] As part of NATO efforts to strengthen deterrence and defense,

[13] 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.

[14] See, for example, Joe Gould, "U.S., European Lawmakers Swipe Trump and Turkey in New Syria Joint Statement," DefenseNews.com, October 21, 2019.

[15] "Transcript: Emmanuel Macron in His Own Words," *Economist*, November 7, 2019.

[16] NATO, "Press Conference Ahead of Meetings of NATO Foreign Affairs Ministers," November 19, 2019.

member states have deployed a total of 4,500 troops to the three Baltic States and Poland and NATO has increased military exercises and training activities in Central and Eastern Europe. At NATO's December 2019 Leaders' Meeting, the allies highlighted progress in responding to cyber and hybrid threats and formally declared space as a new operational domain for NATO. In February 2020, NATO defense ministers agreed to expand NATO's training mission in Iraq.

Despite some initial concerns that allied governments were not being consulted on U.S. force drawdown plans in Afghanistan, NATO leaders welcomed the February 29, 2020, agreements between the United States and the Taliban and the U.S. and Afghanistan governments. These agreements call for the withdrawal of U.S. and international forces within 14 months, based on certain political and security conditions being met. Secretary General Stoltenberg asserted that NATO would implement adjustments, including troop reductions, to its Afghanistan mission in accordance with the agreements and in coordination with the United States.[17]

NATO continues to face a number of other political and military challenges. Key among these is managing a resurgent Russia in the long term. Allied discussions over NATO's strategic posture have exposed divergent views over the threat posed by Russia. Many allies have criticized fellow NATO member Turkey for its military operations in Syria and its acquisition of a Russian-made air defense system. Differences exist among the allies over the appropriate role for NATO in addressing the wide-ranging security challenges emanating from the Middle East and North Africa, as well as from a rising China.

In addition, significant disparities in allied military capabilities persist. 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. Some European policymakers argue that improving European military capabilities requires greater EU defense integration, but others in Europe and many U.S. officials worry that such efforts could weaken NATO and decouple U.S. and European security (see "Selected Foreign Policy and Security Challenges" for more information).

The European Union[18]

Evolution of U.S.-EU Relations

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.[19] Supporters of the EU 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

[17] See, for example, "Germany Worried at Possible U.S. Withdrawal from Afghanistan," *Deutsche Welle*, December 28, 2018; Ben Farmer, "Britain Left in Dark over U.S. Withdrawal from Afghanistan," *Telegraph*, December 21, 2018; NATO, "Statement by the North Atlantic Council on Afghanistan," February 29, 2020; Abdul Qadir Sediqi and Alexander Cornwell, "U.S. and Taliban Sign Troop Withdrawal Deal; Now Comes the Hard Part," *Reuters*, February 29, 2020. Also see CRS Report R45122, *Afghanistan: Background and U.S. Policy In Brief*, by Clayton Thomas.

[18] 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.

[19] 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.

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 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, and sought to tackle cross-border challenges such as cybersecurity and cybercrime. Historically, U.S.-EU cooperation has been a driving force behind efforts to liberalize world trade and ensure the stability of international financial markets.

The EU and the Trump Administration

In light of long-standing U.S. support for the EU, many 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 has noted, "that doesn't mean they are bad … it means that they are competitive."[20] The EU is concerned by the Trump Administration's trade policies, especially the imposition of steel and aluminum tariffs and ongoing threats of potential auto tariffs. Although the Administration has engaged with the EU in efforts to reform the WTO, many EU policymakers remain anxious about the degree to which 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. They 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.[21] President Trump (and some Members of Congress) have expressed keen interest in concluding a free trade agreement (FTA) with the UK following its January 2020 withdrawal from the EU (see "Possible Implications of Brexit").

Several analysts suggest that President Trump's criticism of the EU is shaped by a preference for working bilaterally with nation-states rather than in international or multilateral forums. In a

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

[21] 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.

December 2018 speech in Brussels, Belgium, Secretary of State 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 asked, "Is the EU ensuring that the interests of countries and their citizens are placed before those of bureaucrats here in Brussels?".[22] 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 seen as preferring unilateral action. This was a key European criticism of the George W. Bush Administration as well.

Many in the EU also are uneasy with elements of the Administration's "America First" foreign policy. Several Administration decisions are directly at odds with EU views and policies. These include, in particular, the U.S. decisions to withdraw from the 2015 multilateral nuclear deal with Iran and the Paris Agreement on climate change. EU officials argue that the Administration's recognition of Jerusalem as Israel's capital undermines prospects for a two-state solution to the Israeli-Palestinian conflict, a long-standing EU goal. U.S.-EU tensions have flared with respect to the ongoing conflict in Syria, a rising China, and combatting the COVID-19 pandemic.

Meanwhile, the Trump Administration contends that certain EU policies are damaging relations with the United States. Among other issues, some U.S. policymakers express frustration with the EU's refusal to discuss agricultural products in planned U.S.-EU trade negotiations, and they argue that the EU does not sufficiently understand the extent of the threat posed by Iran. U.S. officials also are dismayed that the EU and most national governments have not issued outright bans on using equipment from Chinese telecommunication companies such as Huawei, despite U.S. security concerns. In addition, the Administration is wary that EU efforts to bolster its Common Security and Defense Policy (CSDP) and pursue greater EU defense integration could compete with NATO and impede U.S.-European defense industrial cooperation. Previous U.S. Administrations have been anxious about CSDP's potential implications for NATO ,as well.[23] (See "Selected Foreign Policy and Security Challenges" for more information.)

A More Independent EU?

Many European leaders increasingly call for the EU to play a more assertive and independent role on the world stage (often referred to by the EU as *strategic autonomy*). Although forging a more coherent and robust EU foreign policy is a long-standing EU goal, boosting the EU's ability to act more independently also is receiving new attention, in part because of concerns about the future trajectory of the EU's partnership with the United States. In June 2019, EU leaders approved a new Strategic Agenda for 2019-2024, which asserted that, "In a world of increasing uncertainty, complexity and change, the EU needs to pursue a strategic course of action and increase its capacity to act autonomously to safeguard its interests, uphold its values and way of life, and help shape the global future."[24] Upon assuming office in December 2019, Ursula von der Leyen, the new President of the European Commission (the EU's executive), stated that she would lead a "geopolitical Commission" actively engaged in tackling regional and global challenges with the

[22] 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.

[23] David M. Herszenhorn, "Trump's Man in Brussels Slams 'Out of Touch' EU," *Politico Europe*, December 10, 2018; Steven Erlanger, "Europe Vows to Spend More on Defense, But U.S. Still Isn't Happy," *New York Times*, June 6, 2019; Matina Stevis-Gridneff, "EU Recommends Limiting, But Not Banning, Huawei in 5G Rollout," *New York Times*, January 29, 2020.

[24] European Council, *A New Strategic Agenda 2019-2024*, June 2019, at https://www.consilium.europa.eu/media/39914/a-new-strategic-agenda-2019-2024.pdf.

full range of EU diplomatic and economic tools. The EU also is seeking to be a global leader on issues such as data protection and climate change.[25]

Experts view French President Macron as a driving force behind revived EU ambitions to be a more independent and autonomous global actor, in line with long-held French policy preferences. Macron champions "European military and technological sovereignty" as crucial to ensuring the EU's position as a global player in a more competitive world in which the EU cannot necessarily depend on U.S. cooperation and support.[26] German Chancellor Angela Merkel also backs a more geopolitical and militarily capable EU but tempers this position with continued strong support for NATO and recognition that the transatlantic alliance remains crucial to European security.[27] Despite ambitions for a robust EU role in foreign policy and security matters, many analysts point out that EU member states remain divided on policy responses to many challenges and the EU still struggles to speak with one voice on a range of key issues, including Libya, Syria, Turkey, Russia, China, migration, and some aspects of climate change mitigation.[28]

Some U.S. officials note that there have always been political disagreements and trade disputes between the United States and the EU, and they argue that fears of a demise in relations are largely overblown. With the entrance into office of new leaders at all three main EU institutions in late 2019, U.S. officials sought to "reset" relations and reduce tensions.[29] EU High Representative for Foreign Affairs and Security Policy Josep Borrell maintains that the United States and the EU continue to share "common values" and the U.S.-EU partnership will endure.[30]

Possible Implications of Brexit[31]

In a 2016 referendum, UK voters favored leaving the EU by 52% to 48%. Brexit was originally scheduled to occur in March 2019, but the UK Parliament was unable to agree on a way forward due to divisions over what type of Brexit the UK should pursue and challenges related to the future of the border between Northern Ireland (part of the UK) and the Republic of Ireland (an EU member state). An early parliamentary election in the UK in December 2019 broke the political deadlock, with a decisive victory for Prime Minister Boris Johnson's Conservative Party leading to the UK's withdrawal as a member of the EU on January 31, 2020.

During a transition period lasting until the end of 2020, the UK is to follow all EU rules and remain a member of the EU single market and customs union. Meanwhile, the UK intends to negotiate a free trade agreement with the EU, with the aim of concluding an agreement by the end of the transition period. Although the UK and EU opened talks in early March 2020, the spread of COVID-19 forced a pause in negotiations. As talks resumed by video in mid-April, the UK government resisted mounting calls for an extension of the transition period.[32] Beyond trade,

[25] Lili Bayer, "Meet von der Leyen's Geopolitical Commission," *Politico Europe*, December 9, 2019.

[26] "Emmanuel Macron in his Own Words," *Economist*, November 7, 2019.

[27] Guy Chazan, "Merkel Warns Europe Cannot Defense Itself without NATO," *Financial Times*, November 27, 2019; Lionel Barber and Guy Chazan, "Angela Merkel Warns EU: Brexit Is a Wake-up Call," *Financial Times*, January 15, 2020.

[28] Mujtaba Rahman, "Europe's Next Crisis: The Geopolitical Commission," *Politico Europe*, February 3, 2020; Matthew Karnitschnig, "Europe's Geopolitical Year Ended Before it Began," *Politico Europe*, February 13, 2020.

[29] David M. Herszenhorn, "Trump Administration Wants to 'Reset' Relations with EU," *Politico Europe*, September 2, 2019.

[30] As quoted in Ishaan Tharoor, "EU to Trump: We Are Not Foes," *Washington Post*, February 10, 2020.

[31] Also see CRS Report R45944, *Brexit: Status and Outlook*, coordinated by Derek E. Mix; and CRS Report RL33105, *The United Kingdom: Background, Brexit, and Relations with the United States*, by Derek E. Mix.

[32] "Why the Government Will Not Ask For a Brexit Extension," *Economist*, April 18, 2020.

negotiations on the future UK-EU relationship are expected to seek a comprehensive partnership covering issues including security, foreign policy, energy, and data sharing.

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. Observers hold differing views as to whether Brexit will ultimately reinvigorate or diminish the UK's global power and influence in foreign policy, security, and economic issues.

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 ceased to be a member of the EU, and many Members of Congress appear receptive to a U.S.-UK FTA in the future.[33] At the same time, some in Congress have been concerned that Brexit might negatively affect the Northern Ireland peace process. 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.[34] Concerns over the possibility of a post-Brexit *hard border* between Northern Ireland and the Republic of Ireland (with customs checks and physical infrastructure) have largely abated to a large extent, as Northern Ireland is to maintain customs and regulatory alignment with the EU under the new withdrawal agreement negotiated between Prime Minister Johnson's government and the EU in October 2019 (and approved by the UK Parliament and the EU in January 2020).

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 was the EU's second-largest economy and a key diplomatic and military power within the EU. Moreover, the UK often was regarded as the closest U.S. partner in the EU, a partner that commonly shared U.S. views on foreign policy, trade, and regulatory issues. Some observers suggest that the United States has lost its best advocate within the EU for policies that bolster U.S. goals and protect U.S. interests. 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 served as a key driver of certain EU initiatives, especially EU enlargement and efforts to develop stronger EU foreign and defense policies. 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.

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, the EU is losing

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

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

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, Trump Administration officials express a degree of concern about recent efforts to enhance European military capabilities and CSDP, and some worry that without UK leadership, EU defense initiatives could evolve in ways that may infringe upon NATO's primary role in European security in the longer term.

Selected Foreign Policy and Security Challenges[35]

The United States and Europe face numerous common foreign policy and security challenges, but they have pursued different policies on several key issues. 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[36]

U.S.-European cooperation has been regarded as crucial to managing a more assertive Russia and preventing Russia from driving a wedge between the two sides of the Atlantic. Although some Europeans were wary initially about President Trump's expressed interest in improving U.S.-Russian relations, many 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 imposition of sanctions on Russia following its 2014 invasion of 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. Both the United States and the EU continue to support and impose sanctions on Russia for its actions in Ukraine and for other malign activities (including Russia's 2018 chemical weapons attack in the UK on former Russian intelligence officer and UK citizen Sergei Skripal and his daughter). The United States and many European countries share concerns about Russian cyber activities and influence operations and have sought to work together in various forums to share best practices on countermeasures. Many in the EU welcomed efforts by Congress in 2017 to ensure the Trump Administration maintained U.S. sanctions on Russia, despite concerns that certain provisions in the Countering Russian Influence in Europe and Eurasia Act of 2017 (P.L. 115-44, Countering America's Adversaries Through Sanctions Act, Title II) could negatively affect EU business and energy interests.

At the same time, differences in perspective exist among European countries. Some European officials and analysts question the effectiveness and sustainability of NATO efforts to deter Russia and the use of sanctions as a long-term policy option. Several European policymakers,

[35] The issues presented in this section are discussed in the context of transatlantic relations and information on each topic is not meant to be comprehensive. See CRS products cited on each topic for additional background.

[36] 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.

including leaders in Germany and Italy, have stressed the importance of a dual-track approach to Russia that complements deterrence with dialogue. In light of what he views as a continued deadlock with Russia, French President Macron has criticized Western sanctions imposed on Russia since 2014 as "inefficient" and has called for restarting a "strategic dialogue" to resolve differences with Russia.[37] Other allies, including Poland and the Baltic States, urge a more robust NATO military presence in Central and Eastern Europe and strongly support maintaining pressure on Russia through sanctions.

Some U.S.-European tensions have arisen recently over new U.S. sanctions on Russia that EU and other European officials regard as more unilateral in nature, prompting concerns about the continued coordination of U.S.-EU sanctions. In particular, many European policymakers express opposition to U.S. secondary sanctions that could negatively affect European firms. These include sanctions aimed at curbing Russian energy export pipelines such as Nord Stream 2, which some European companies are engaged in financing and constructing. The Trump Administration and many Members of Congress object to Nord Stream 2 because they believe that it will give Russia greater political and economic leverage over countries that depend on Russian gas and increase Ukraine's vulnerability to Russian aggression. Some EU officials, Poland, and the Baltic States, among others, share U.S. concerns. Supporters of Nord Stream 2, including the German and Austrian governments, assert that the pipeline will enhance EU energy security by increasing the capacity of a direct and secure supply route at a time of rising European demand for gas.

In December 2019, Congress passed and President Trump signed into law the Protecting Europe's Energy Security Act (PEESA) as part of the FY2020 National Defense Authorization Act (P.L. 116-92, Title LXXV). PEESA aims to stop the construction of Nord Stream 2 by establishing sanctions on foreign persons and entities involved in laying the pipeline. Some European opponents of Nord Stream 2, including the European Commission, joined supporters of the pipeline in criticizing U.S. sanctions established by PEESA. EU officials noted that the EU rejects as a "matter of principle" the imposition of sanctions against EU companies conducting legitimate business in line with EU and European law.[38] Other opponents of Nord Stream 2, such as the Polish government, support PEESA as a necessary mechanism to prevent completion of the project.[39]

Arms Control and the INF Treaty[40]

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. In February 2019, the Trump Administration announced it was suspending U.S. participation in the INF Treaty due to Russian violations and subsequently withdrew the United States in August 2019, in accordance with the terms of the treaty. At the February 2020 Munich Security Conference in

[37] "Macron Defends Closer Dialogue with Russia, Sees No Alternative," *Reuters*, February 15, 2020; "Macron Calls for New Russian Policy Despite Ongoing Kremlin Efforts to Destabilize West," RFE/RL, February 15, 2020.

[38] "Nord Stream 2: Germany and Russia Decry U.S. Sanctions," BBC News, December 21, 2019; "European Commission President Criticizes U.S. Nord Stream Sanctions," RFE/RL, December 27, 2019.

[39] For more information, see CRS In Focus IF11138, *Russia's Nord Stream 2 Pipeline: Will Sanctions Stop It?*, by Paul Belkin, Michael Ratner, and Cory Welt.

[40] Also see CRS In Focus IF11051, *U.S. Withdrawal from the INF Treaty: What's Next?*, by Amy F. Woolf; and CRS Report RL33865, *Arms Control and Nonproliferation: A Catalog of Treaties and Agreements*, by Amy F. Woolf, Paul K. Kerr, and Mary Beth D. Nikitin.

Germany, U.S. Secretary of State Michael Pompeo asserted that the United States had restored "credibility" to arms control by withdrawing from the INF Treaty.[41]

European leaders largely agree with the U.S. assessment that Russia was violating the INF Treaty, and NATO leaders announced that they "fully support" the U.S. withdrawal.[42] At the same time, European officials remain concerned that the U.S. withdrawal from the INF Treaty could spark a new arms race and harm European security. Following 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.[43]

Many European officials appear troubled that the United States has not presented a clear way forward on arms control following its withdrawal from the INF Treaty. 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 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. French President Macron has urged renewal of the New START Treaty, as have some Members of Congress. Russian President Putin also has expressed interest in renewing the treaty. The Trump Administration has not yet decided whether it will support extending the treaty.[44]

China[45]

As expressed in the 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."[46] In the aftermath of the 2008-2009 financial crisis and the ensuing eurozone debt crisis, notable Chinese investments in Europe included significant ownership shares in major European port terminals and acquisitions of leading firms in the robotics and high technology sector.[47] Although Chinese investment in Europe has been on a downward trend since peaking at €37 billion in 2016 (about $40 billion at current exchange rates), studies indicate a sustained Chinese investment interest in information and communications technology, transport and infrastructure, and research and development collaborations.[48]

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[41] U.S. Department of State, *The West Is Winning*, Speech by Secretary of State Michael R. Pompeo, Munich, Germany, February 15, 2020.

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

[43] Gabrielle Tetrault-Farber and Vladimir Solkatkin, "Putin Says Russia Will Make New Missiles, Warns of Arms Race," *Reuters*, September 5, 2019.

[44] Kingston Reif, "As INF Treaty Fails, New START Teeters," *Arms Control Today*, March 2019; Nahal Toosi, "Trump Weighs Tapping Nuke Envoy to Negotiate with Russia," *Politico Europe*, February 13, 2020.

[45] Also see CRS Report R45898, *U.S.-China Relations*, coordinated by Susan V. Lawrence; and CRS In Focus IF11284, *U.S.-China Trade and Economic Relations: Overview*, by Karen M. Sutter.

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

[47] Joanna Kakissis, "Chinese Firms Now Hold Stakes In Over A Dozen European Ports," NPR, October 9, 2018; Arthur Sullivan, "Changes at German Robotics Firm Kuka Raise Questions over Chinese Intentions," *Deutsche Welle*, October 25, 2018, Frans-Paul van der Putten, *European Seaports and Chinese Strategic Influence*, Clingendael Netherlands Institute of International Relations, December 2019.

[48] Mercator Institute for China Studies (Berlin), *Chinese FDI in Europe: A 2019 Update*, April 8, 2020.

The Trump Administration and many Members of Congress have been alarmed in particular by the potential involvement of Chinese telecommunications company Huawei in building out at least parts of European fifth generation (5G) wireless networks. U.S. officials have warned European allies that using Huawei or other Chinese 5G equipment could impede intelligence sharing with the United States due to fears of compromised network security. U.S. officials were disappointed by the UK's decision in January 2020 not to fully ban Huawei from 5G projects; the UK position prohibits Huawei from supplying "sensitive" parts of the "core" network and limits Huawei components to a maximum 35% of any network.[49] In January 2020, EU member states, the European Commission, and the EU cybersecurity agency released a 5G security "toolbox" in which member states agreed to strengthen security requirements for mobile operators, apply relevant restrictions to or avoid high-risk suppliers, avoid dependency on a single supplier and maintain a diverse supply chain.[50] Although not overtly targeting any particular company or country, the toolbox essentially recommends that member states limit and monitor Huawei without banning it outright.

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 those of China or otherwise validate policies of the Chinese government, and possibly prevent the EU from speaking with one voice on China.[51]

Smaller EU countries, as well as less prosperous non-EU Balkan countries, may be relatively vulnerable to economic pressure from China, although large EU countries also could be susceptible. Some experts express concern in particular about Italy's decision to cooperate in China's Belt and Road Initiative (BRI), a state-run initiative to deepen Chinese investment and infrastructure links across Asia, Africa, Latin America, and Europe. The Trump Administration lobbied Italy against participating in the BRI. As of early 2020, two-thirds of EU countries reportedly have signed agreements to cooperate in the BRI framework, including Greece, Luxembourg, Portugal, and the Central and Eastern European member states.[52] Media sources suggest the EU may have softened criticism of China in an April 2020 report on COVID-19 disinformation campaigns in response to Chinese diplomatic pressure; EU officials deny that the disinformation report was revised due to Chinese concerns.[53]

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. Since early 2019, analysts note a more assertive European approach to China.[54] In a March 2019 joint position paper on China, the European Commission and the EU's High Representative for Foreign Affairs and Security Policy

[49] Leo Kelion, "Huawei Set for Limited Role in UK 5G Networks," BBC News, January 28, 2020.

[50] European Commission, *Secure 5G networks: Questions and Answers on the EU Toolbox*, January 29, 2020.

[51] Robin Emmott, "EU's Statement on South China Sea Reflects Divisions," *Reuters*, July 15, 2016; Robin Emmott and Angeliki Koutantou, "Greece Blocks EU Statement on China Human Rights at U.N.," *Reuters*, June 18, 2017.

[52] Andrew Chatzky, "China's Belt and Road Initiative Gets a Win in Italy," Council on Foreign Relations, March 27, 2019; Silk Road Briefing, at https://www.silkroadbriefing.com/news/2020/01/10/chinas-belt-road-initiative-now-arriving-2020/.

[53] Matt Apuzzo, "Pressured by China, EU Softens Report on Covid-19 Disinformation," *New York Times*, April 24, 2020; Simon Van Dorpe, Mark Scott, and Laurens Cerulus, "China Put Pressure on EU to Soften Coronavirus Disinformation Report," *Politico Europe*, April 25, 2020.

[54] Erik Brattberg and Philippe Le Corre, *The EU and China in 2020: More Competition Ahead*, Carnegie Endowment for International Peace, February 19, 2020.

characterized China in part as an "economic competitor in the pursuit of technological leadership, and a systemic rival promoting alternative models of governance."[55] In April 2019, predominantly as a result of mounting concern over China, the EU adopted a new regulation that set out a framework for increased screening of foreign investments (many EU member states have national FDI screening programs).[56] 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.[57]

With tensions between the United States and China increasing over the COVID-19 pandemic, analysts have observed China undertaking a campaign of "facemask diplomacy" in offering medical supplies and support to some European countries. At the same time, experts also assert that attempts by China to control the COVID-19 narrative through disinformation could backfire and result in increasingly strained relations with Europe.[58]

Iran[59]

Many European governments and the EU have been alarmed by rising tensions between the United States and Iran, which they fear could lead to military confrontation. European concerns intensified further in the aftermath of the January 2, 2020, U.S. strike in Iraq that killed Iranian Major General Qasem Soleimani, head of Iran's Islamic Revolutionary Guards Corps-Qods Force. News reports suggest that European allies were not given advance warning of the U.S. strike, and many European governments expressed concern that the U.S. decision could put European troops in the region at risk. European countries are significant contributors to the NATO training and advisory mission in Iraq and to the U.S.-led coalition combating the Islamic State terrorist organization (also known as ISIS or ISIL) in Iraq and Syria. (In March 2020, several European countries announced the temporary withdrawal of troops from these missions after the suspension of activities to reduce the spread of COVID-19.)[60]

On January 6, 2020, French President Macron, German Chancellor Merkel, and UK Prime Minister Johnson (leaders of the so-called E3, the three European countries that helped negotiate the 2015 multilateral nuclear deal with Iran, known as the Joint Comprehensive Plan of Action, or JCPOA) released a joint statement condemning recent attacks on coalition forces in Iraq by Iranian-backed militias and the "negative role" that Iran has played in the region, including through forces under the command of General Soleimani. The three leaders urged all parties to

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

[56] European Commission, "EU Foreign Investment Screening Regulation Enters into Force," press release, April 10, 2019; Laurens Cerulus, Jakob Hanke Vela, and Hanne Cokelaere, "Chinese Investment Slows as EU Turns the Screws," *Politico Europe*, April 19, 2019.

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

[58] Atlantic Council, "Is China Winning the Coronavirus Response Narrative in the EU?," March 25, 2020; Mattia Ferraresi, "China Isn't Helping Italy. It's Waging Information Warfare.," *Foreign Policy*, March 31, 2020.

[59] Also see CRS Report R46148, *U.S. Killing of Qasem Soleimani: Frequently Asked Questions*, coordinated by Clayton Thomas; CRS Report RS20871, *Iran Sanctions*, 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.

[60] Loveday Morris and Michael Birnbaum, "U.S. Killing of Iran's Top Commander Unnerves Allies, Dims Hopes Iran Nuclear Deal Can Be Saved," *Washington Post*, January 3, 2020; Nicholas Fiorenza, "Covid-19: European Countries Withdraw From Iraq," *Jane's Defence Weekly*, March 27, 2020.

deescalate. The joint statement also called on Iran to "reverse all measures inconsistent with the JCPOA," expressed concern about security and stability in Iraq, and emphasized the importance of continuing to combat the Islamic State.[61] In a subsequent statement following a meeting of NATO countries, NATO Secretary General Stoltenberg reiterated many of these points, similarly expressing concern about Iran's destabilizing behavior and calling for deescalation.[62]

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 EU remains committed to the JCPOA and has sought to work with Iran and other signatories to prevent its collapse. 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 on Iran between 2010 and 2012, including a full embargo on oil purchases, brought U.S. and European approaches into alignment. They credit this 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.

On January 14, 2020, the E3 triggered the JCPOA's dispute resolution mechanism, charging that Iran had ceased complying with the agreement. This dispute resolution process ultimately could result in the reimposition of U.N. sanctions on Iran, but in a joint statement, the E3 asserted that its decision was taken "in good faith with the overarching objective of preserving the JCPOA" through "constructive diplomatic dialogue."[63] European officials and analysts have suggested that this decision seeks to buy time for tensions to cool and prevent a full collapse of the JCPOA. The E3 also stated that it was not joining the U.S. campaign to exert "maximum pressure" on Iran.[64] The Trump Administration reportedly threatened to impose a 25% tariff on European automobiles if the E3 did not initiate the dispute resolution mechanism. Some European policymakers and many observers equated the U.S. threat with "extortion" and "mafia-like" tactics that underscore the Trump Administration's transactional approach to long-standing U.S. allies and illuminate the degree to which U.S.-European relations have deteriorated.[65]

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[61] UK Prime Minister's Office, *Joint Statement from President Macron, Chancellor Merkel and Prime Minister Johnson on the Situation in Iraq*, January 6, 2020, https://www.gov.uk/government/news/joint-statement-from-president-macron-chancellor-merkel-and-prime-minister-johnson-on-the-situation-in-iraq.

[62] NATO, *Press Point by NATO Secretary General Jens Stoltenberg Following a Meeting of the North Atlantic Council*, January 6, 2020, https://www.nato.int/cps/en/natohq/opinions_172346.htm.

[63] French Ministry for Europe and Foreign Affairs, *Joint Statement by the Foreign Ministers of France, Germany, and the United Kingdom on the Joint Comprehensive Plan of Action*, January 14, 2020, https://www.diplomatie.gouv.fr/en/country-files/iran/news/article/joint-statement-by-the-foreign-ministers-of-france-germany-and-the-united.

[64] Ellie Geranmayeh, *Europe's New Gamble: Dispute Resolution and the Iran Nuclear Deal*, European Council on Foreign Relations, January 15, 2020; David M. Herszenhorn and Rym Momtaz, "Prayers and Pixie Dust as EU Powers Try to Save Iran Deal," *Politico Europe*, January 18, 2020.

[65] John Hudson and Souad Mekhennet, "Days Before Europeans Warned Iran of Nuclear Deal Violations, Trump Secretly Threatened to Impose 25% Tariff on European Autos If They Didn't," *Washington Post*, January 15, 2020.

In March 2020, European countries exported emergency medical supplies to Iran using the Instrument in Support of Trade Exchanges (INSTEX), a clearinghouse mechanism established in 2019 to facilitate "legitimate" European trade with Iran in a way that avoids U.S. sanctions. This INSTEX transaction, the first of its kind, was concluded to help Iran combat COVID-19 but European officials hope it will allow other transactions to proceed, thereby helping to preserve the JCPOA. The United States opposes INSTEX, viewing it as serving to strengthen the Iranian regime and weaken U.S.-European ties.[66]

Syria and Countering the Islamic State[67]

Since 2014, most European governments have supported the U.S.-led international coalition to defeat the Islamic State terrorist group in Syria and Iraq. Some European governments have deployed forces to the region and many European militaries have helped train Kurdish partner forces. U.S.-European cooperation in Syria, however, has been challenged by President Trump's desire to withdraw U.S. forces and by several U.S. policy decisions reportedly taken unilaterally, without consulting key European partners. The apparent lack of consultations have raised concerns about a breakdown in U.S.-European coordination and heightened European anxiety about the reliability and credibility of the United States as a foreign policy partner.[68]

Many European governments were alarmed by President Trump's announcement in late 2018 that the United States would withdraw its entire 2,000-strong force in Syria fighting the Islamic State. European officials disagreed with President Trump's assessment that the Islamic State was largely defeated. The Trump Administration decided against a full U.S. withdrawal in early 2019—reducing U.S. force levels to roughly 1,000 troops instead—and sought European contributions to offset the U.S. reductions, guard against an Islamic State resurgence, and help protect Kurdish partners in Syria. Many European governments appeared reluctant to deploy ground troops in Syria, but press reports indicate that the UK and France ultimately agreed to U.S. entreaties to increase their special forces in the region.[69]

Similarly, in October 2019, European allies and partners were dismayed by President Trump's unilateral withdrawal of U.S. forces from areas of northern Syria in advance of a Turkish military operation against the Kurdish-led Syrian Democratic Forces (or SDF, a key coalition partner in combating the Islamic State). European governments largely interpreted the U.S. decision as giving Turkey a green light to launch its operation against the SDF. European officials contended that the U.S. move represented a betrayal of Kurdish partners in Syria and warned of a potential Islamic State resurgence in the region. President Trump asserted that the United States did not endorse Turkey's military operation. Following a subsequent further drawdown of U.S. forces in Syria, approximately 600 U.S. troops remained in Syria as of December 2019, focused on protecting Syrian oil fields from falling under the Islamic State's control.[70]

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[66] "Europe and Iran Complete First INSTEX Deal Dodging US Sanctions," *Deutsche Welle*, March 31, 2020.

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

[68] Steven Erlanger, "Trump's Syria and Ukraine Moves Further Alienate America's Already Wary Allies," *New York Times*, October 24, 2019.

[69] Karen DeYoung and Missy Ryan, "Allies Decline Request to Stay in Syria After U.S. Troops Withdraw," *Washington Post*, February 20, 2019; Lara Seligman, "Britain, France Agree to Send Additional Troops to Syria," *Foreign Policy*, July 9, 2019.

[70] James McAuley and Rick Noack, "Withdrawal of U.S. Troops from Northern Syria Angers, Worries Europeans," *Washington Post*, October 7, 2019; Ben Hubbard and Carlotta Gall, "Turkey Launches Offensive Against U.S.-Backed

European governments also expressed concern that Turkey's military operation could lead to the escape or release of former Islamic State fighters and their families or supporters held in SDF prisons and camps. Of the roughly 10,000 Islamic State militants detained by the SDF, approximately 800 are European citizens. President Trump has repeatedly called for European countries to repatriate European fighters and sympathizers or risk their release, stoking additional U.S.-European tension. European policymakers have been grappling with how to deal with returning Islamic State fighters and their families, but most European governments are hesitant to assume the associated security risks of bringing such citizens home.[71]

EU Defense Initiatives

For two decades, the EU has sought to develop a Common Security and Defense Policy to bolster its common foreign policy and strengthen the EU's ability to respond to security crises. Successive U.S. Administrations and NATO officials have expressed support for CSDP as a means to enhance European military capabilities on the conditions that such EU efforts should strengthen NATO's European pillar, rather than supplant or duplicate NATO. Improving European military capabilities, however, has been difficult, especially given many years of flat or declining European defense budgets.

Over the last few years, many EU officials and national leaders have supported increased defense spending and advocated for further EU defense integration, in part to boost the EU project in light of Brexit and growing European uncertainty about the future U.S. role in European security. The EU has announced several new initiatives, including a European Defense Fund (EDF) to support joint defense research and development activities. In 2017, 25 member states launched a new EU defense pact (known officially as Permanent Structured Cooperation, or PESCO) aimed at spending defense funds more efficiently, in part by jointly developing military capabilities.[72]

Trump Administration officials have cautioned that these renewed EU defense efforts must not distract European countries from their NATO commitments. U.S. officials also have expressed concern that the EDF and PESCO could restrict U.S. defense companies from participating in the development of pan-European military projects, impede U.S.-European defense industrial cooperation, and negatively affect interoperability of U.S. and European forces in the long term. U.S. Ambassador to NATO Kay Bailey Hutchison has warned that PESCO could become a "protectionist vehicle for the EU."[73]

The EU has bristled at the Trump Administration's criticisms. EU officials respond that EDF and PESCO are intended to boost European military capabilities and enable European allies to shoulder a greater degree of the security burden in NATO and globally, as the Trump Administration (and previous U.S. administrations) have urged. Supporters of renewed EU defense efforts highlight that PESCO's initial priority projects were identified in consultation

Syrian Militia," *New York Times*, October 9, 2019.

[71] Michael Birnbaum, "European Leaders Hit at Trump's Demands That They Take Back Ex-ISIS Citizens from Syria," *Washington Post*, February 18, 2019; Charlie Savage, "Trump's Green Light to Turkey Raises Fears About ISIS Detainees," *New York Times*, October 7, 2019.

[72] Michael Birnbaum, "Europeans Approve Defense Pact in Bid to Reduce Dependence on U.S.," *Washington Post*, November 13, 2017.

[73] As quoted 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.

with NATO and that several of these projects focus on enhancing military mobility across Europe, a key NATO priority.[74]

Some in the EU, including French President Macron, have revived calls for a "European army," in part because of concerns about U.S. leadership and reliability in tackling both regional and global challenges. German Chancellor Merkel has voiced support for developing a European army, but maintains that it should seek to complement, not compete with, NATO. Most experts, however, express significant doubts about the prospect of a European army materializing given internal EU divisions on a range of foreign policy and security issues and the long-standing reluctance of EU governments—including successive French administrations—to relinquish national sovereignty in the defense realm or to pool national military capabilities.[75]

Climate Policies[76]

The EU reacted negatively to President Trump's announcement in June 2017 that the United States would withdraw from the 2015 multilateral Paris Agreement (PA) aimed at reducing greenhouse gas (GHG) emissions and combating climate change (the U.S. withdrawal is due to take effect in November 2020). The EU worked closely with the former Obama Administration to negotiate the 2015 accord. In announcing his decision, President Trump asserted that the PA disadvantages U.S. businesses and workers.[77] 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 U.S. decision to withdraw from the PA has spurred the EU to assume even greater stewardship of the accord. The EU continues to voice support for other international partners—especially developing countries—in meeting their commitments to the PA and has intensified cooperation with China in particular.[78]

European public demands for more robust climate action are growing. In 2019, the European Commission proposed a European Green Deal, an ambitious and multipronged approach to address climate change and other environmental challenges while promoting resource-efficient, environmentally-sustainable economic growth and innovation.[79] Key elements include increasing the EU's 2030 emissions reduction target included in the PA (from 40% to at least 50% compared to 1990 levels) and adopting in EU law the goal of a climate-neutral economy (no net GHG emissions) by 2050.

At the same time, several EU members, including Germany, face challenges in meeting existing GHG targets through domestic efforts alone. Certain business sectors and member state governments also have expressed a degree of resistance to setting more ambitious EU climate

[74] David B. Larter and Sebastian Sprenger, "Despite US Complaints, Top NATO General Says He's Working Closely with the EU on Military Projects," DefenseNews.com, December 16, 2019; Erik Brattberg, "How Washington Views New European Defense Initiatives," Carnegie Endowment for International Peace, March 3, 2020.

[75] Maia de la Baume and David M. Herszenhorn, "Merkel Joins Macron in Calling for EU Army to Complement NATO," *Politico Europe*, November 14, 2018; Paul Taylor, "European Defense Plans: What Could Possibly Go Wrong?," *Politico Europe*, February 16, 2020.

[76] Also see CRS In Focus IF11431, *EU Climate Action and Implications for the United States*, by Kristin Archick, Jane A. Leggett, and Kezee Procita.

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

[78] European Commission, "EU and China Step Up Cooperation on Climate Change and Clean Energy," press release, July 16, 2018.

[79] See European Commission, *A European Green Deal*, at https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en.

goals in light of concerns about expected high costs of implementing existing and anticipated climate policies. Poland remains reluctant to commit to a GHG-neutral EU by 2050 given its reliance on coal and is tying its support to greater EU financial assistance.[80] Some commentators note that the EU's need to address the economic consequences of the COVID-19 pandemic could hinder implementing certain elements of the European Green Deal. Others see an opportunity to put the European Green Deal and more environmentally-sustainable economic policies at the center of the EU's post-pandemic recovery plans.[81]

Observers suggest that EU efforts to step up its climate action policies and certain aspects of the proposed European Green Deal may exacerbate U.S.-EU tensions. The EU has pledged that it will not conclude future free trade agreements with countries that are not parties to the PA, creating another potential friction point in already fraught U.S.-EU trade talks. Should the EU implement future "carbon border adjustment mechanisms"—such as a carbon border tax—to reduce risks to competitiveness and of carbon emission shifts to countries with less ambitious climate policies, costs could increase for U.S. firms doing business in Europe.[82]

COVID-19[83]

Efforts to contain and slow the spread of COVID-19 have added new tensions to already strained U.S.-EU relations. The EU expressed deep dismay with the Administration's temporary travel ban on foreign nationals arriving in the United States from the Schengen Area, announced March 11, 2020. In a joint statement, EU leaders noted that COVID-19 is a global crisis that "requires cooperation rather than unilateral action" and expressed disapproval that the U.S. travel ban was imposed "without consultation."[84] Initial confusion over the U.S. travel ban reportedly led to chaos and crowds at many European airports.

At its outset, the U.S. ban on travel from Europe applied only to countries in the EU's Schengen Area of Free Movement, a flagship EU initiative. Within the Schengen Area, which encompasses 22 EU member states plus four non-EU countries, internal border controls have been eliminated, and individuals may travel without passport checks among participating countries. Some analysts viewed the Trump Administration's decision as scapegoating the EU and its open internal borders for contributing to the spread of the virus, to the detriment of future U.S.-EU relations.[85]

U.S. officials counter that the decision to suspend foreign national travel from most of the EU was based on the World Health Organization's (WHO) assessment of sustained transmission in the Schengen Area.[86] Ultimately, the Administration extended the travel ban to the UK and

[80] David Adler and Pawel Wargan, "Ursula von der Leyen's Green Deal is Doomed," *Politico Europe*, October 16, 2019; Jennifer Rankin, "European Green Deal to Press Ahead Despite Polish Targets Opt-out," *Guardian*, December 13, 2019.

[81] Kalina Oroschakaff, "Coronavirus Crisis Cash Threatens EU Green Plans," *Politico Europe*, March 23, 2020; Frederic Simon, "France, Germany Join Group of 10 EU Countries Calling for Green Recovery," EurActiv.com, April 11, 2020.

[82] Dave Keating, "EU Tells Trump: No Paris Climate Deal, No Free Trade," *Forbes*, February 8, 2018; Bruce Stokes, "Europe's Green Deal Could Open a New Front in the Trade War," *Foreign Policy*, January 7, 2020.

[83] Also see CRS Report R46319, *Novel Coronavirus 2019 (COVID-19): Q&A on Global Implications and Responses*, coordinated by Tiaji Salaam-Blyther.

[84] European Council, *Statement by Presidents Charles Michel and Ursula von der Leyen with the Croatian Presidency on US Travel Ban Related to COVID-19*, March 12, 2020.

[85] Erik Brattberg, "Trump's Coronavirus Travel Ban Delivers a Blow to Transatlantic Relations," Carnegie Endowment for International Peace, March 13, 2020.

[86] The White House, *Proclamation – Suspension of Entry as Immigrants and Nonimmigrants of Certain Additional*

Ireland, neither of which participate in the Schengen Area. President Trump responded that the rapid spread of the virus necessitated quick U.S. action and also noted that European officials do not always consult with the United States ahead of key policy decisions, such as on tax issues.[87] EU leaders subsequently agreed to a temporary travel ban on most foreign nationals (including U.S. citizens) into the EU and the four non-EU countries that participate in the Schengen Area.

Some European leaders and EU officials also object to certain elements of the U.S. international response to the COVID-19 pandemic. Many European policymakers have criticized President Trump's decision to halt U.S. funding to the WHO pending a review of its role in allegedly mismanaging the pandemic response. EU officials have expressed concern that U.S. economic sanctions are blocking humanitarian supplies for hard-hit countries such as Iran and Venezuela. Some European officials, including in Germany and France, have complained about U.S. efforts to outbid them in the global marketplace for facemasks and other critical medical equipment.[88]

Some supporters of the transatlantic partnership argue that NATO should play a larger role in responding to the COVID-19 pandemic. Although NATO traditionally focuses on military threats, the alliance possesses command and control and logistics capabilities to coordinate multilateral responses to a range of security challenges, including natural disasters. NATO's disaster response mechanism, the Euro-Atlantic Disaster Response Coordination Centre, has coordinated deliveries of critical medical supplies to several allied countries, including Spain and Italy. Some allies, including the United States, have donated medical supplies to hard-hit allies, and Germany has used military aircraft to transport patients from Italy and France.[89]

NATO advocates suggest that a more robust NATO-coordinated pandemic response—and possibly invoking Article 5—could boost allied unity and cohesion and demonstrate NATO's value to policymakers and publics across the alliance. It also could help strengthen NATO at a time when potential adversaries, such as Russia and China, have been providing medical supplies and assistance to several NATO countries. Other analysts warn that economic fallout from the pandemic could negatively affect allied defense budgets in the longer term, further exacerbating U.S.-European tensions on burdensharing within the alliance.[90]

Trade and Economic Issues[91]

Current Trade and Investment Relations

The United States and the EU are each other's largest trade and investment partners. Total U.S. trade in merchandise and services with the EU-28 reached $1.3 trillion in 2019 (**Figure 2**). Transatlantic investment ties, including the presence of affiliates of multinational enterprises (MNEs) and intra-company trade, are even more significant given their size and interdependent

Persons Who Pose a Risk of Transmitting 2019 Novel Coronavirus, March 11, 2020.

[87] The White House, *Remarks by President Trump and Prime Minister Varadkar of Ireland Before Bilateral Meeting*, March 12, 2020.

[88] Jeanne Whalen, et al., "White House Scrambles to Scoop Up Medical Supplies Worldwide, Angering Canada, Germany," *Washington Post*, April 4, 2020; Andrew Rettman, "EU Bluntly Criticizes U.S. Handling of Pandemic," EUObserver.com, April 21, 2020.

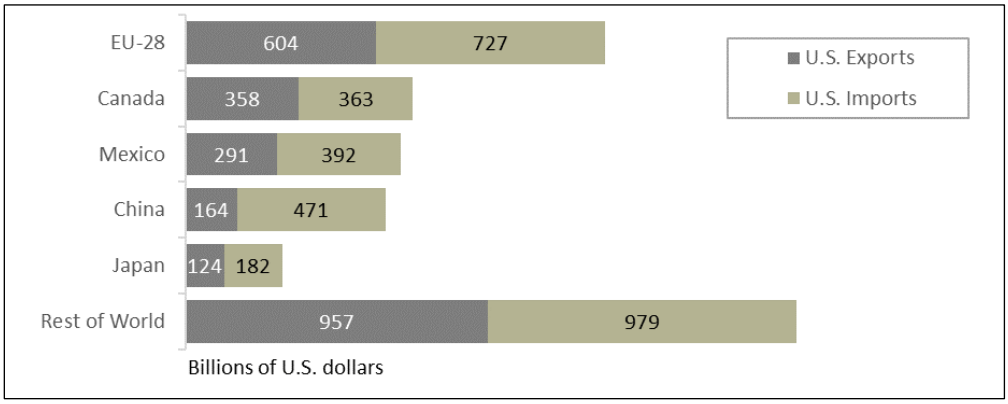
[89] NATO, "Coronavirus Response to Top Ministerial Agenda," press release, April 1, 2020.

[90] Frederick Kemp, "Why Trump Should Trigger NATO's Article 5 vs. COVID-19," Atlantic Council, March 14, 2020; Elisabeth Braw, "The Coronavirus Pandemic Should be NATO's Moment," DefenseOne.com, March 31, 2020.

[91] Also see CRS In Focus IF10930, *U.S.-EU Trade and Investment Ties: Magnitude and Scope*, by Shayerah Ilias Akhtar; CRS In Focus IF10931, *U.S.-EU Trade and Economic Issues*, by Shayerah Ilias Akhtar.

nature. In 2018, the stock of FDI between the United States and the EU-28 totaled nearly $6 trillion—comprised of $3.3 trillion of U.S. direct investment in the EU and $2.6 trillion of direct investment from the EU in the United States (**Figure 3**). The EU accounts for over half of both FDI in the United States and U.S. direct investment abroad, and the FDI relationship spans a range of sectors, including manufacturing, and finance and insurance.

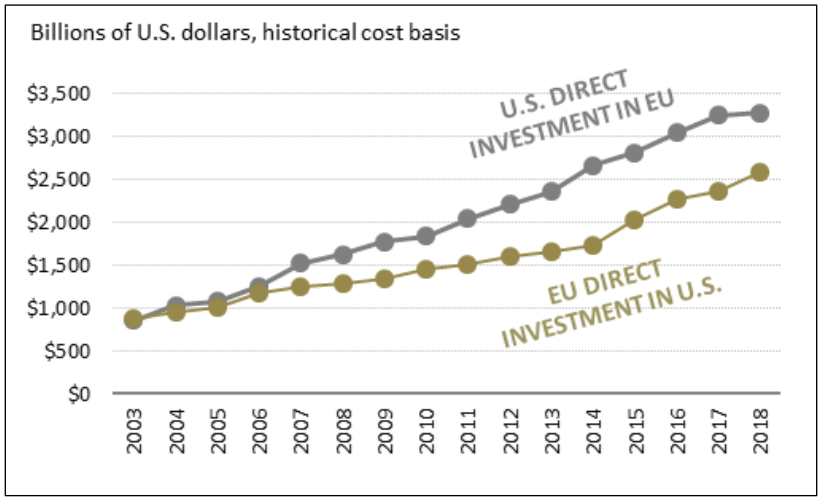
Figure 2. U.S. Merchandise and Services Trade with Major Partners, 2019



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

Note: U.S.-EU trade levels will change following Brexit. In 2019, the UK accounted for: 20.6% (or $69.7 billion) of U.S. goods exports to the EU ($338.6 billion); 12.3% (or $63.8 billion) of U.S. goods imports from the EU ($517.4 billion); 28.1% (or $74.7 billion) of U.S. services exports to the EU ($265.6 billion); and 29.7% (or $62.3 billion) of U.S. services imports from the EU ($209.8 billion).

Figure 3. U.S.-EU Stock of Foreign Direct Investment, 2003-2018



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

Note: Foreign direct investment is on a historical cost basis. 2018 is the most recent year for which official U.S. data are available. U.S.-EU direct investment levels will change following Brexit. In 2018, the UK accounted for: 12.5% (or $747.8 billion) of U.S. direct investment in the EU ($3,269.7 billion); and 21.7% (or $560.9 billion) of EU direct investment in the United States ($2,589.0 billion).

Brexit is expected to change U.S.-EU trade and investment levels to some degree. At 15% of the EU's GDP in 2018, the UK was one of the EU's largest economies.[92] The UK has played a

[92] GDP in current U.S. dollars, based on World Bank data.

significant role in the U.S.-EU commercial relationship. The UK accounted for about one-fifth of U.S.-EU total trade in merchandise and services in 2019, and about one-fifth of the stock of transatlantic FDI in 2018. However, the 27 remaining members of the EU, as a bloc, continue to be the United States' largest trade and investment partner.

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, but they are high on certain sensitive products. Bilateral regulatory differences and other nontariff barriers also may raise the costs to 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 have emerged 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 by the Trump Administration's approach to the WTO and to unilateral trade enforcement outside of the WTO system, and they are concerned that this approach reflects a broader U.S. shift away from international cooperation. The Administration has been skeptical of the value of the WTO and considers reform of the multilateral trading system a priority. The Administration has blocked appointments of new members to the WTO dispute settlement system's Appellate Body (AB), based on concerns about "judicial overreach" in appellate decisions and other issues. As a result, on December 10, 2019, the AB lost its required quorum of three members to decide appeals of WTO panel decisions.[93]

At the same time, many WTO members, including the United States and EU, are engaged in active discussions on negotiating new rules and potential reforms to the WTO, including changes to the WTO dispute settlement system. In January 2020, the United States, the EU, and Japan announced progress on developing new rules on industrial subsidies.[94] Some analysts are concerned, however, that recent efforts by the EU and other trading partners to set up an interim WTO appeals mechanism until the AB becomes operational again will complicate U.S.-EU cooperation on WTO reform. Meanwhile, the United States continues to monitor developments on a wide range of EU policies, such as on data protection, digital trade, and penalties for corporate tax avoidance, some of which the United States sees as trade barriers.

With the conclusion of the initial phases of the U.S.-China and U.S.-Japan trade agreements and the enactment of the U.S.-Mexico-Canada Agreement (USMCA), some analysts speculate that the Trump Administration's trade policy may focus more on the EU and U.S.-EU negotiations on a trade liberalization agreement. While noting that much of transatlantic trade is "very positive," U.S. Trade Representative (USTR) Robert Lighthizer stated in December 2019 that the United States has a "very unbalanced relationship" with Europe on trade, and he indicated that addressing concerns about the transatlantic trading relationship "is something that's very important" for the President.[95]

[93] 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.

[94] USTR, "Joint Statement of the Trilateral Meeting of the Trade Ministers of Japan, the United States and the European Union," press release, January 14, 2020.

[95] James Politi, "Robert Lighthizer Says Trump 'Focused' on EU Trade," *Financial Times*, December 17, 2019.

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.[96] In 2019, the United States had an overall $123 billion deficit in merchandise and services trade with the EU-28, as the deficit in merchandise trade ($179 billion) outweighed the surplus for trade in services ($56 billion). The Trump Administration 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. (The U.S. tariff rate for trucks is higher at 25%, compared to 22% in the EU.) EU leaders have pushed back on the Administration's view, maintaining that the U.S.-EU trade relationship is fair and mutually beneficial given the U.S. services surplus, the investment relationship, and the higher profits earned by U.S. companies doing business in Europe.[97] In 2017, affiliates of U.S. MNEs in the EU-28 had $2.5 trillion in sales, while affiliates of MNEs of the EU-28 in the United States had $2.1 trillion in sales.[98]

On June 1, 2018, President Trump imposed Section 232 national security-based tariffs of 25% and 10% on certain steel and aluminum imports.[99] 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 imposed retaliatory tariffs against selected U.S. products, including, for example, Kentucky bourbon and Harley-Davidson motorcycles; the EU tariffs range from 10% to 25% and are on $2.91 billion worth of U.S. exports to the EU (based on 2018 trade value). Both sides are now pursuing cases in the WTO on the measures. President Trump recently expanded the scope of the Section 232 steel and aluminum tariffs to cover certain derivative products, effective February 8, 2020. In response to the U.S. expansion, the EU announced plans to increase tariffs on additional U.S. products such as lighters and plastic furniture fittings.[100]

The Section 232 investigation of automobiles and parts has further strained relations, and its outcome could be highly significant to the U.S.-EU trade negotiations (see below). Motor vehicles are a leading U.S. import from the EU, and some EU auto companies have

[96] The role of "unfair" trade practices as a driver of trade deficits is contested. 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.

[97] See, for example, Rebecca Morin, "Trump Speaks with Juncker on Trade Negotiations," *Politico Europe*, July 27, 2018; and European Commission, *Refreshing Transatlantic Relations*, Keynote Address by Commissioner Phil Hogan at Center for Strategic and International Studies (CSIS), Washington, DC, January 16, 2020.

[98] 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 2020*, Foreign Policy Institute, Johns Hopkins University SAIS, 2020.

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

[100] The White House, *Proclamation on Adjusting Imports of Derivative Aluminum Articles and Derivative Steel Articles into the United States*, January 24, 2020; "EU Targets More U.S. Imports After U.S. Metal Tariff Extension," *Reuters*, April 6, 2020.

manufacturing facilities in the United States. On May 17, 2019, President Trump announced that the Section 232 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 to seek a negotiated solution and directed the USTR to resolve this threatened impairment through negotiating agreements with the EU (and Japan). The President also directed the USTR to update him on the progress of the negotiations within 180 days.[101] The President has not announced any decision on the auto tariffs, but he has repeatedly threatened to impose tariffs on U.S. auto imports from the EU in the absence of progress on the U.S.-EU trade negotiations. EU officials have said that the EU would retaliate against any additional tariffs imposed by the United States.

Transatlantic frictions also may rise with new developments in the U.S.-EU Boeing-Airbus cases that have been in litigation in WTO dispute settlement for 15 years.[102] Each side has consistently 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 proposed to impose countermeasure tariffs of $11.2 billion and $12 billion, respectively, to compensate for harm they claim that the other's subsidies have caused.[103] In October 2019, following WTO authorization in relation to its case against Airbus, the United States imposed tariffs of up to $7.5 billion worth of U.S. imports from the EU. A WTO decision is pending on the appropriate level of EU countermeasures.

Another dispute involves France's new digital services tax (DST) of 3% on the revenues of companies that provide digital services that generate more than €750 million (about $815 million) globally and more than €25 million (about $27 million) in France. A Section 301 investigation by the USTR concluded that the DST: discriminates against U.S. digital companies, such as Google, Apple, Facebook, and Amazon; is contrary to the prevailing principles of international tax policy; and is unusually burdensome on affected U.S. companies.[104] In December 2019, the USTR issued a preliminary list of products from France (e.g., sparkling wines, cheeses, handbags) worth $2.4 billion (import value in 2018) that could face additional tariffs of up to 100%.[105] The Administration has not imposed these tariffs yet.

In a possible de-escalation of tensions, in January 2020, France agreed to suspend its DST tax until the end of 2020, and the United States and France agreed on the importance of completing a successful negotiation on digital tax issues. Multilateral talks on the challenges of taxation in the digital environment are ongoing in the Organization for Economic Cooperation and Development. The United States has warned other European countries (e.g., Austria, the Czech Republic, Italy, Spain, and the UK) that are weighing their own DST of the risk they face of additional U.S. tariffs.

Given the magnitude of the U.S.-European trade and economic relationship, potential further escalation of tariff frictions could be significant for both economies, as well as globally. In

[101] Proclamation of President Donald J. Trump, *Adjusting Imports of Automobiles and Automobile Parts Into the United States*, May 17, 2019. Also see CRS In Focus IF10971, *Section 232 Auto Investigation*, coordinated by Rachel F. Fefer.

[102] CRS In Focus IF11364, *Boeing-Airbus Subsidy Dispute: Recent Developments*, by Andres B. Schwarzenberg.

[103] 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.

[104] CRS In Focus IF11346, *Section 301 of the Trade Act of 1974*, by Andres B. Schwarzenberg.

[105] USTR, "Conclusion of USTR's Investigation Under Section 301 into France's Digital Services Tax," press release, December 2, 2019.

general, while some domestic producers benefit from import restrictions, consumers and other domestic industries are adversely affected due to the higher cost of imports and input materials. Retaliatory tariffs by the EU raise the price of U.S. exports of those goods, potentially leading to fewer sales of U.S. products in the EU. The tight integration of supply chains across the Atlantic and the extensive presence of EU and U.S. affiliates of MNEs in each other's markets adds further complexities to the potential impact of tariffs on U.S.-EU economic relations. Many in Europe have argued for a de-escalation of U.S.-EU trade disputes and urged the United States to refrain from imposing additional tariffs in light of the economic damage due to the COVID-19 pandemic on both sides of the Atlantic.[106]

U.S.-EU Trade Negotiations[107]

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.[108] 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 trade tensions (agreed between President Trump and then-European Commission President Jean-Claude Juncker).

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 seeks limited negotiations to defuse tensions over tariffs and avoid the pitfalls of the wide-ranging T-TIP negotiations. EU negotiating directives authorize the European Commission to seek the elimination of 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 maintaining a high level of protection in the EU.[109]

The EU claims it is adhering to commitments made in the Joint Statement, in which the two sides aimed 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. The EU notes progress in advancing some of commitments from the Joint Statement—for instance, the rise in EU imports of soybeans and

[106] Jakob Hanke Vela, "Trump's Trade War Proves Immune to the Coronavirus Crisis," *Politico Europe*, March 18, 2020.

[107] Also see CRS In Focus IF11209, *Proposed U.S.-EU Trade Agreement Negotiations*, by Shayerah Ilias Akhtar, Andres B. Schwarzenberg, and Renée Johnson; and CRS Report R46241, *U.S.-EU Trade Agreement Negotiations: Trade in Food and Agricultural Products*, by Renée Johnson and Andres B. Schwarzenberg.

[108] 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.

[109] 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.

LNG from the United States. U.S.-EU regulatory cooperation also is ongoing for such sectors as pharmaceuticals, medical products, and chemicals. In addition, in August 2019, the two sides concluded a new deal on greater market access for certain U.S. beef exports to the EU.

U.S.-EU disagreement over the scope of the negotiations, particularly on agriculture, has cast uncertainty over their outlook. 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.[110] 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. U.S.-EU differences also remain in such areas as government procurement, regulatory cooperation, cross-border data flows, and geographical indications.

In addition to liberalizing trade, a key feature of the U.S.-EU trade talks 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. In early 2020, the President renewed his threat to impose higher tariffs on autos and other products if the two sides do not reach a trade deal. While describing as "great" a conversation he had with new European Commission President Ursula von der Leyen, President Trump recounted, "But I said, 'look, if we don't get something, I'm going to have to take action, and the action will be a very high tariff on their cars and other things that come into our country.'"[111] The EU asserts it will stop negotiating if the United States applies new Section 232 tariffs on items such as automobiles, and it may stop negotiating if it is subjected to new trade restrictions under other U.S. trade laws.

With the advent of new leadership in the European Commission and statements by U.S. and EU officials in early 2020, some observers saw positive momentum in the trade talks. Following the World Economic Forum in January 2020, President Trump said that he expected to negotiate a trade agreement with the EU before the November U.S. elections; shortly afterwards, new European Commission President von der Leyen said the EU was "expecting in a few weeks" to have an agreement with the United States covering trade, technology, and energy.[112] The EU has suggested that the two sides could work together on a "mini-package" of regulatory issues to expand opportunities for U.S. agricultural exports to the EU and vice versa. However, some U.S. priorities, including addressing EU prohibitions on the use of growth hormones in beef production and the use of certain pathogen reduction treatments on poultry, remain politically sensitive in the EU. News reports suggest that U.S.-EU talks on a potential trade liberalization agreement are continuing, albeit at perhaps a slower pace as managing the COVID-19 pandemic has become the overarching policy priority for both sides of the Atlantic.[113]

Should negotiations advance, an open question is the priority placed on negotiations, given that the EU and the UK will be focused on negotiating a trade agreement by the end of 2020 to govern their post-Brexit trading relationship and the United States and the UK also intend to pursue bilateral trade negotiations. Yet, it is possible that these other negotiations will apply competitive

[110] 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.

[111] Stephen Fidler and Greg Ip, "Europe Girds for Trade Battle with U.S.," *Wall Street Journal*, January 22, 2020.

[112] Megan Cassella, "A Bullish Outlook for U.S.-EU Talks," *Politico*, January 23, 2020.

[113] Isabelle Isco, "AmCham EU Chief: U.S.-EU Trade Momentum Continuing Amid Pandemic," InsideTrade.com, April 17, 2020.

pressure on the United States and the EU to conclude their own trade negotiations to ensure that their businesses also have preferential access to each other's markets vis-à-vis UK businesses. 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 it would meet congressional expectations, TPA requirements, or be concluded as an executive agreement. 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, as in the case with the recent U.S.-Japan trade agreement. Yet, T-TIP shows the difficulties of negotiating a more comprehensive FTA that aims to tackle more challenging trade barriers. It is unclear to what extent the more comprehensive USMCA may be a model for U.S.-EU trade negotiations.

Brexit also could affect the EU's negotiating posture in trade talks with the United States. The UK was a leading voice within the EU on trade liberalization. In light of the UK's departure from the EU, some analysts suggest that EU trade policy could become more protectionist. At the same time, some EU members, such as the Netherlands, Denmark, and other smaller northern states that traditionally aligned with UK views on trade liberalization, would likely oppose more protectionist EU trade policies.[114]

Successful U.S.-EU 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 changes in the EU post-Brexit. In addition, while a trade liberalization agreement 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 further. 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

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 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 judged that the transatlantic partnership continued to advance U.S. strategic and economic interests. Many on both sides of the Atlantic, however, have questioned the extent of U.S. support for a strong, stable transatlantic relationship.

[114] Ferdi di Ville and Gabrielle Siles-Brugge, "Not Necessarily More Protectionist – Brexit May Make EU Trade Policy More Progressive," LSE Brexit 2020, January 22, 2020; Erik Brattberg, Kinga Brudzinska, Bernardo Pires de Lima, "Contending European Views on a New Post-Brexit Balance," Carnegie Endowment for International Peace, March 25, 2020.

Trump Administration Views

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."[115] 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."[116]

Some commentators assert 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.[117]

Many U.S. officials downplay fears of 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 the accession to NATO of both Montenegro (in 2017) and North Macedonia (in 2020). The Administration has renewed U.S. engagement in the Western Balkans and taken an active interest in normalizing relations between Serbia and Kosovo. As discussed previously, the United States has sought to work with the EU on de-escalating tensions over trade and tariffs and signaled its intention to pursue a U.S.-EU trade liberalization agreement. Secretary of State Pompeo also has urged U.S.-European cooperation in confronting common challenges posed by Russia, China, and Iran, among others.[118]

Potential Damage?

Critics contend that the Trump Administration's policies and rhetoric toward NATO, the EU, and some key allies are damaging the transatlantic partnership and creating significant uncertainty about the U.S. commitment to European security and U.S.-EU cooperation. Some observers assert that European trust in U.S. leadership is at a record low and that many European policymakers increasingly question whether the United States will remain a credible security, foreign policy, or trade partner. European officials have been relieved that President Trump has voiced support for NATO and Article 5, but remain concerned that the U.S. commitment to NATO may be linked to whether the Administration is satisfied with allied defense spending levels. Those of this view argue that such a transactional approach harms the credibility of NATO's security guarantee, weakens U.S. leadership of the alliance, and possibly emboldens Russia or other adversaries.[119] Some analysts also worry that certain Administration efforts to

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

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

[117] Vicki Needham, "Ross Credits Trump's Tough Trade Policy for Bringing the EU to the Table," TheHill.com, July 26, 2018.

[118] 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.

[119] Steven Erlanger, "What If Trump Wins? Europeans Fear a More Permanent Shift Against Them," *New York Times*, February 18, 2020; Erik Brattberg and David Whineray, "How Europe Views Transatlantic Relations Ahead of the 2020 U.S. Election," Carnegie Endowment for International Peace, February 20, 2020.

promote a long-term political settlement between Kosovo and Serbia may undermine long-standing U.S.-European cooperation in the Western Balkans and could contribute to increasing rather than reducing tensions in the region.[120]

Many experts believe that the U.S.-European relationship is being destabilized further by the Trump Administration's use of economic pressure to try to shape allies' foreign policy positions—long considered a redline among the transatlantic partners. As noted previously, the Trump Administration threatened to impose a 25% tariff on European automobiles unless France, Germany, and the UK formally accused Iran of violating the 2015 nuclear accord. Many European officials and analysts view such tactics as destroying the trust, respect, and goodwill upon which the transatlantic alliance ultimately rests. In addition, EU officials regard the imposition of U.S. steel and aluminum tariffs on national security grounds as offensive given that EU countries are close U.S. security partners and that many EU countries acquire significant portions of their defense equipment from the United States. Some European policymakers also have expressed concern that the Trump Administration might seek to tie future U.S. support for NATO to EU trade concessions.[121]

Several observers maintain that President Trump's transactional approach to 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 has been 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 an example of diminished cohesion, many point to European resistance in 2019 to deploying more forces in Syria to guard against an Islamic State resurgence amid U.S. troop reductions.

Some experts suggest that alienating and antagonizing long-standing European allies and friends is leaving the United States increasingly isolated on the world stage. Observers also contend that the United States and Europe can accomplish more when they work together to tackle common international challenges. Those of this view bemoan, for example, the current lack of U.S.-European leadership in mobilizing a concerted global response to mitigating the COVID-19 pandemic.[122]

Future Prospects

Many European leaders express concern about the potential for U.S. disengagement, both from Europe and globally. Some policymakers increasingly argue that Europe must be better prepared to address both regional and international challenges on its own. 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. Experts suggest that recent calls for a more

[120] "EU and US in Opposite Camps as Kosovo Government Toppled," EurActiv.com, March 26, 2020. Also see CRS Report R46175, *Kosovo: In Brief*, by Sarah E. Garding.

[121] Valentina Pop and Daniel Michaels, "NATO Allies Bristle Over U.S. Tariffs Pinned to Security Concerns," *Wall Street Journal*, June 6, 2018.

[122] Anne Gearan and John Hudson, "Trump's Strong-arm Foreign Policy Tactics Create Tensions with U.S. Friends and Foes," *Washington Post*, January 19, 2020; Jeremy Shapiro, "A View from Washington: The America First Pandemic," European Council on Foreign Relations, March 19, 2020.

independent EU foreign policy and a more assertive EU on the global stage underscore the sense of growing uncertainty in Europe about the U.S. role in the world and the future shape of the U.S.-European partnership.[123]

Some analysts argue that a further decline in transatlantic relations could push Europe closer to Russia and China. Should European countries conclude that the United States is no longer a reliable partner, they may feel it necessary to navigate a neutral or "middle way" in which they seek to balance their strategic and economic interests between the United States, Russia, and China. Both Russia and China are adept at filling strategic vacuums and as discussed, considerable concerns already exist about Russia's resurgence as well as growing Chinese political and economic influence in Europe.[124]

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. If faced with a choice between adversaries such as Russia or China on the one hand and the United States on the other, they say, Europe would likely continue to side with the United States. For example, despite significant European concerns about the U.S. strike that killed Iranian General Soleimani in Iraq in early 2020, European government statements generally echoed U.S. concerns about Iran's destabilizing influence in the region and did not express regret for Soleimani's death.[125]

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. Despite advocating for a more geopolitical EU, the EU's foreign policy chief Josep Borrell also asserts that "the U.S. is and will remain a key partner and ally."[126]

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, House Speaker Nancy 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."[127] In the 115th and 116th Congresses, hearings addressed a wide range of issues in U.S.-European relations, including NATO, Brexit, and Russian and Chinese influence in Europe.

[123] Philip Blenkinsop and Noah Barkin, "America Last? EU Says Trump Is Losing on Trade," *Reuters*, January 15, 2018; Jacopo Barigazzi, "Borrell Urges EU to be Foreign Policy 'Player, Not the Playground,'" *Politico Europe*, December 9, 2019.

[124] Brattberg and Whineray, *Op. cit.*

[125] Judith Mischke and Zoya Sheftalovich, "Trump Envoy Says US, Europe Agreed Soleimani Was a Threat," *Politico Europe*, January 7, 2020.

[126] Barigazzi, *Op. cit.*

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

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. This includes legislation passed by the House in January 2019 (H.R. 676) and the FY2020 National Defense Authorization Act (S. 1790/P.L. 116-92), both of which seek to limit the President's ability to unilaterally withdraw from NATO. 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 as 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 U.S. support for the EU, in part through visits to Brussels and key European capitals, and with the reestablishment of the EU Caucus in the House. 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).[128] The House also continues to participate in the Transatlantic Legislators' Dialogue (TLD) with the European Parliament. H.R. 4105, introduced in July 2019, seeks to enhance the TLD by making it statutory.

Congress traditionally has viewed U.S.-European trade and investment relations as being largely mutually beneficial. 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. 365–Trade Security Act of 2019).[129]

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 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

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

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

burdensharing within the alliance and how best to measure allied contributions, and NATO's costs and benefits for the United States. Congress also may wish to assess NATO efforts to counter terrorism and address emerging security challenges, including cyber and hybrid threats.

- **U.S.-EU Economic Relations.** Based on its constitutional role over tariffs and foreign commerce, Congress has a direct interest in monitoring and shaping progress on a U.S.-EU trade liberalization agreement. 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 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, including its future relationship with the UK, "euroskeptic" political parties, democratic backsliding in some EU countries, and migratory pressures. Managing the spread of COVID-19 and its economic repercussions, and pursuing the European Green Deal to combat climate change and promote greater environmental sustainability, are also top EU priorities. 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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