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## U.S.-European Relations in the 117<sup>th</sup> Congress

### A Relationship in Flux?

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*, the U.S.-European partnership encompasses the NATO alliance, relations with the European Union (EU), and extensive bilateral political and economic ties. Despite periodic tensions over the past 70 years, U.S. and European policymakers have valued the transatlantic partnership as serving their respective geostrategic and economic interests.

The post-World War II transatlantic security and economic architecture came under considerable pressure during the Trump Administration. The unprecedented nature and extent of President Trump's criticisms of NATO, the EU, and key European countries, as well as numerous U.S.-European policy divisions, severely strained relations. European officials have welcomed Biden Administration efforts to decrease tensions and renew the transatlantic partnership, although various U.S.-European differences in perspective persist. The 117<sup>th</sup> Congress may evaluate current U.S. interests in Europe and prospects for future U.S.-European cooperation.

### Transatlantic Relations and U.S. Interests

U.S. policymakers have long regarded both NATO and the EU as crucial to maintaining peace and stability in Europe and stymieing big-power competition that cost over 500,000 American lives in two world wars. The United States spearheaded NATO's creation in 1949 and encouraged the European integration project from its inception in the 1950s. During the Cold War, NATO and the European project were considered essential to deterring the Soviet threat. With strong U.S. support, NATO and the EU have enlarged since the 1990s, extending security and prosperity across the European continent.

The U.S. and European economies are deeply intertwined. According to U.S. Bureau of Economic Analysis data, the transatlantic economy—including the EU and non-EU countries such as the United Kingdom (UK), Norway, and Switzerland—typically generates around \$6 trillion per year in foreign affiliate sales and directly employs roughly 10 million workers on both sides of the Atlantic. In 2020, the EU accounted for nearly one-fifth of total U.S. trade in goods and services. The United States and the EU are each other's largest source and destination for foreign direct investment. (See also CRS In Focus IF10930, *U.S.-EU Trade and Investment Ties: Magnitude and Scope*.)

U.S. leadership of NATO and cooperation with the EU has helped to foster democratic and prosperous European allies that, in turn, have bolstered U.S. foreign and security policies and the multilateral trading system. The United States and Europe have worked together on many common

challenges—from promoting stability in the Balkans and Afghanistan to addressing Russian aggression in Ukraine to countering terrorism. U.S.-EU cooperation has been a driving force in liberalizing world trade. Experts point out that the well-honed habits of U.S.-European political, military, and intelligence cooperation are unique and cannot be easily replicated with other international actors. U.S. engagement in Europe also helps limit Russian, Chinese, or other possible malign influences.

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 view as insufficient European burden sharing in NATO, and some have questioned the costs of the U.S. military presence in Europe. U.S. policymakers have long-standing concerns about EU regulatory barriers to trade and that the EU lacks a single voice on many foreign policy issues. Some U.S. analysts have argued that a close partnership with Europe at times requires compromise and may slow certain U.S. decisions. (See also CRS Report R45745, *Transatlantic Relations: U.S. Interests and Key Issues*.)

### Europe and the Trump Administration

During the Trump Administration, U.S.-European relations faced significant challenges. The Administration asserted support for NATO and its Article 5 mutual defense commitment, but critics argued that President Trump's perceived transactional view of NATO and his strident calls for more European defense spending were damaging to alliance cohesion. President Trump voiced support for the UK's decision to leave the EU ("Brexit") and contended that the EU engaged in unfair trade practices. EU officials were concerned by what they viewed as protectionist U.S. trade policies, including the use of tariffs.

Repeated perceived breakdowns in coordination and consultation with the Trump Administration also troubled European officials, especially with regard to U.S. military actions in Syria and Afghanistan and a plan to draw down U.S. forces in Germany. Other U.S.-European divisions existed on aspects of relations with Russia and China, the role of multilateral institutions, policies toward Iran, the Israeli-Palestinian conflict, arms control, climate change, and managing the Coronavirus Disease 2019 (COVID-19) pandemic. Advocates of President Trump's approach toward Europe maintain that it resulted in greater European efforts to spend more on defense and to address U.S.-EU trade inequities, and that policy tensions and differing interests are a constant feature of transatlantic relations and not unique to the Trump Administration.

### The Biden Administration and Future Prospects

The Biden Administration has prioritized bolstering relations with Europe and rebuilding trust. President Biden

has reiterated strong U.S. support for NATO and Article 5, halted plans to reduce U.S. forces in Germany, and pledged to work with the EU and European governments on common global concerns. President Biden's first trip abroad as President was to Europe in mid-June 2021 and included NATO and EU summit meetings.

Biden Administration efforts to enhance cooperation with European allies and partners include coordinating human rights-related sanctions on Russian and Chinese officials, consulting on the withdrawal of U.S. and NATO forces from Afghanistan, and restarting a U.S.-EU dialogue on China begun during the Trump Administration. European officials welcome the renewed U.S. commitment to multilateralism—signaled, for example, by President Biden's decisions to reverse Trump Administration policies and rejoin the World Health Organization and the Paris Agreement on climate change—and U.S. engagement on ways to revive the 2015 nuclear deal with Iran. At the 2021 U.S.-EU summit, the two sides announced they would suspend retaliatory tariffs for five years in relation to a long-standing dispute over aircraft subsidies, agree on terms for state support for civil aircraft manufacturers, and work together to address practices of nonmarket economies (such as China) in the sector. The Biden Administration views cooperation with European democracies as key to countering challenges posed by China, Russia, and authoritarian systems of government more broadly.

Despite the improved overall tenor of U.S.-European relations, differences and tensions remain. President Biden is maintaining pressure on NATO allies to meet defense spending goals. Some allies worry about instability in Afghanistan following the end of NATO's military mission. Like the Trump Administration, the Biden Administration opposes the Nord Stream 2 gas pipeline project (from Russia to Germany). Although NATO and EU views toward China appear to be hardening due to the country's military assertiveness, human rights practices, and other concerns, many in Europe are wary about a possible new U.S.-China "Cold War" and are mindful of Europe's significant economic ties to China. The United States and the EU are working to address global steel and aluminum overcapacity (driven mainly by China), but some in the EU are frustrated that the Biden Administration has not lifted the tariffs on these metals imposed by the Trump Administration. U.S.-EU frictions on cross-border data flows, privacy, and digital technology issues also persist.

Some European policymakers contend the Biden Administration expects support for its initiatives—such as waiving intellectual property rights on COVID-19 vaccines—without sufficient consultation, echoing traditional European complaints about U.S. dominance of the transatlantic relationship. Other Europeans are skeptical about whether the United States will be a credible global leader and reliable partner in the long term and argue that Europe must be better prepared to address future challenges on its own. The EU has put new emphasis on enhancing defense cooperation and concluding trade agreements with other countries and regions, including Canada, Japan, and Latin America. These and other efforts to position the EU as a key international player (especially in areas such as data protection and climate change) are likely to remain EU imperatives for the foreseeable future.

## Issues for Congress

Potential areas for deliberation in the 117<sup>th</sup> Congress include the following:

- **NATO.** The June 2021 NATO summit addressed a range of topics, including NATO efforts to deter Russia; concerns about China; and NATO's progress in addressing terrorism, cyberattacks, and hybrid threats. Congress may examine these issues and future U.S. goals for NATO as the alliance develops its next strategic concept ahead of the 2022 summit. Congress also may review the U.S. force posture in Europe and ongoing allied efforts to increase defense spending.
- **U.S.-EU Agenda.** At their June 2021 summit, the United States and the EU committed to work together on four key areas: ending the COVID-19 pandemic; addressing climate change and other environmental challenges; strengthening trade, investment, and technological cooperation; and supporting democracy and global security. Congress may consider prospects for U.S.-EU collaboration and how various issues facing the EU—including economic recovery from the pandemic and democratic backsliding in some EU members—could affect the U.S.-EU partnership.
- **U.S.-EU Economic Relations.** Congress may be interested in examining U.S.-EU efforts to resolve trade irritants and plans for two new initiatives launched at the 2021 U.S.-EU Summit—a Trade and Technology Council (to promote greater cooperation in areas such as standards for new and emerging technologies, digital governance, and supply chain security) and a Joint Technology Competition Policy Dialogue.
- **Brexit.** The UK exited the EU in January 2020 and ended its participation in the EU's single market and customs union in December 2020. Congress may review Brexit's implications for U.S.-UK and U.S.-EU relations, for NATO, and for the Northern Ireland peace process. Some in Congress support a future U.S.-UK free trade agreement, but it is unclear whether the Biden Administration will continue negotiations with the UK begun by the Trump Administration.
- **Russia.** Congress has consistently condemned Russian aggression, including in Ukraine, and Russian influence operations in Europe and the United States. Congress has enacted sanctions aimed at curbing Russian energy export pipelines to Europe. Transatlantic efforts to address Russian cyber capabilities and human rights abuses also may be of increasing congressional interest.
- **China.** Many Members of Congress have expressed concern about China's growing strategic interest and financial investments in Europe, especially with respect to fifth generation (5G) network security and other critical infrastructure. Congress may examine how Chinese activities in Europe could affect transatlantic relations, the extent to which European views on China may be shifting due to strategic concerns or human rights issues, and possibilities for U.S.-European policy coordination toward China.

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