

Seizing the Moment: European Strategic Autonomy and the Biden Presidency

by Riccardo Alcaro and Nathalie Tocci

The European Union was increasingly ill at ease in the world in which Covid-19 unleashed social and economic devastation in early 2020. Growing tensions between great powers, fragmented and fragile neighbouring regions and a mounting wave of Eurosceptic nationalism weighed heavily on the quintessentially liberal European integration project.

Exacerbating Europe's predicament was the unprecedented degree of estrangement with the United States, ruled by a president openly hostile to the EU and multilateralism such as Donald Trump. Last year this could have represented the culmination of a perfect storm jolting the EU to its foundations. Yet, the much-feared collapse did not materialise. On the contrary, the urgency of tackling the public health crisis and its economic consequences spurred EU member states into action. The result was an

integration thrust that would have been unthinkable just days before the pandemic reached European soil.

Old taboos crumbled. The European Central Bank expanded its asset purchase programme, the Stability and Growth Pact was suspended and Next Generation EU, the 750 billion euro recovery fund agreed to by EU member states in July 2020, enabled EU institutions to reconcile economic recovery with an ambitious digitalisation and climate agenda, potentially even opening the door towards a fiscal union.

The picture is not all rosy, however. Foreign and defence policy has been the price the EU paid in order to bring negotiations over the Next Generation EU to a successful conclusion. The much-touted European "strategic autonomy", that is, the capacity of the EU to carve out a room for autonomous

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international action, has remained an aspiration more than anything else.

The main reason why the Covid-19 crisis, so consequential in terms of EU macroeconomic management, has not had the same effect on foreign and defence policy has its roots in the transatlantic alliance. The lingering benefits accruing from US security guarantees continue to make most (if not all) European countries keen to align their foreign policy with that of the United States.

Sticking to this line had arguably become harder under Trump, yet Europeans never lost hope of a change of tack in Washington, not least because Joe Biden campaigned on a promise to restore US alliances. Indeed, Biden's victory was welcomed with a huge sigh of relief in Europe. However, the fact that a staunchly Atlanticist president now sits in the Oval Office has increased European dependence on the United States.

Undoubtedly, the Biden Administration provides Europeans with a chance to relaunch the transatlantic partnership. Yet, under Biden too, the United States will continue being attracted to the Pacific rather than the Atlantic. In fact, the consolidation of US-China competition will force the Europeans to contemplate hard trade-offs. The main reason is that Biden has added an ideological dimension to the geopolitical and geoeconomic contest with China from which Europeans will struggle to disentangle themselves.

The new US president has shown greater sensitivity than his predecessor

to human rights issues in China, be they Beijing's restrictions of democratic practices in Hong Kong or the policy of forced Sinification of the Uyghurs, the Turkophone Muslim minority that inhabits the Xinjiang province in Western China. Workers' rights and environmental standards, two themes the Europeans are sensitive to, have also made the list of US *cahiers de doléances* with China.

All the above adds to more traditional geostrategic tensions, especially regarding Taiwan, the autonomy of which the United States has made a point of honour to defend. Nor can such issues as China's political use of technology transfers, investment and market access – against which the United States has protested since the Trump years – be underestimated.

Europeans have already experienced the effects of more acute Sino-US rivalry at a time when a friendly president in Washington embraces them. The irritation of Biden's entourage after the EU rushed to conclude a Comprehensive Investment Agreement (CAI) with China in late December 2020 contributed to complicating the agreement's approval process. Partly to compensate what the new Administration had felt as an undue and untimely snub, Europeans hurriedly agreed to the US proposal to adopt coordinated sanctions against Chinese officials responsible for human rights violations in Xinjiang. After China responded with countermeasures targeting EU academics and members of the European Parliament, the EU could not but freeze the ratification of the CAI.

The case of the CAI shows that with Biden, pressure on the Europeans to fall in line with the US on China will be hard to resist. Such a transatlantic alignment will not come cost-free. After all, the CAI is meant to better protect EU investors in China, or at the very least to level the playing field with their US competitors. The same applies to the use of Chinese-made technology in the roll-out of 5G in EU telecom markets, which the United States fiercely opposes but some EU member states are tempted by due to them being more affordable than the alternatives. Most EU countries share US concerns about China – especially with respect to unfair economic practices. However, US-championed solutions are not always ideal for Europeans, which have a harder time in acting autonomously with Biden precisely because his offer of cooperation is genuine.

All this notwithstanding, the benefits of a revived transatlantic relationship cannot be underestimated. With Biden in the White House, Europeans have reasonable expectations not just of a pragmatic management of bilateral disputes but also of strengthening multilateral governance. Trade, corporate tax and climate are three cases in point.

On trade, Trump had dragged a reluctant EU into a tariff war, starting with steel and aluminium imports and all the way down to the billions-worth of tariffs the United States and the EU imposed on one another after the World Trade Organisation (in two separate instances) ruled that aerospace companies Airbus and Boeing benefitted from illegal state aid.

It took Biden about five months to agree with his EU counterparts to suspend tariffs and open negotiations to address the problem of steel overcapacity (for which China is mostly responsible) and put an end to the 15-year long Airbus-Boeing dispute.

On corporate taxation, EU countries have long complained about the fact that tech giants such as Amazon, Apple, Facebook or Google pay little tax in countries from which their profits also originate. Some of them – France, Italy, Spain, but also the United Kingdom – have consequently adopted digital taxes, which according to the US government discriminate against companies in the United States.

First discussed during the Obama presidency, the issue had blown up under Trump, who threatened EU countries with steep tariff rises. The Biden Administration has adopted a different approach. It has promoted the adoption of a 15 per cent global minimum corporate tax, which should limit the ability of multinationals to exploit generous tax regimes and ensure they pay taxes where they generate revenues. If the US proposal, which has been endorsed by the G7 and the G20, is also approved by the Organisation for Economic Cooperation and Development later this year, a major transatlantic sticking point will be resolved.

Climate is another issue on which the Biden Administration is open to have a more intensive dialogue with Europe. The United States has reacted coldly to EU carbon pricing plans, especially as articulated in the

Carbon Border Adjustment Mechanism recently unveiled by the European Commission's "Fit for 55" package. Yet, the United States return to the Paris Agreement on climate change has both generated US support for ramping up climate finance and, for the first time, created an opening in Washington on the question of climate pricing, as recently evidenced at the G20 ministerial in Venice.

Nor should we forget fundamental security issues. Biden has renewed the US commitment to NATO at a time when Vladimir Putin's Russia has become openly hostile to the West. The US president has also shown a resolve to breathe new life into the moribund arms control agenda. One of his first foreign policy acts was to agree to a five-year extension of the New START agreement on the reduction of deployed strategic warheads (and delivery systems) with Russia. Biden has also reached out to Iran, in close cooperation with the Europeans, to find ways to restore the nuclear agreement that Trump had recklessly abandoned in 2018.

Europeans are positively predisposed towards cooperation with Biden's United States. However, they diverge on whether this should be done by aligning even more closely with Washington or developing a separate European capacity for action – the aforementioned strategic autonomy. In principle, they all agree that the EU should be more capable of resisting external pressure even when applied through tariffs and extraterritorial sanctions, two instruments the Trump Administration was especially fond of.

They also concur on the fact that EU regulations should influence, shape or even define global technology, climate, sanitary and industrial standards.

What EU member states do not agree on is whether all this should take the form of a quest for a truly global role for the EU or whether European strategic autonomy should be subordinate and complementary to the Atlantic alliance.

As Europeans bicker on words, their practical reluctance to invest in strategic autonomy in the traditional areas of security and defence is crystallising. This is a shame, both for the EU and for a stronger transatlantic partnership. The degree of autonomy attained by the EU in trade and regulation shows that a more cohesive EU is no threat to transatlantic cooperation. In fact, a more cohesive EU would rebalance the partnership with the United States so that the Europeans have more say on issues of shared concerns and the United States gets the benefits of a more capable partner. In other words, the ultimate outcome of the European strategic autonomy project would be a stronger, not weaker, transatlantic relationship.

The EU needs greater cohesion and autonomy not to decouple from, but to increase contribution to as well as influence on a United States whose long-term transatlantic orientation is uncertain. After all, Trump has been beaten but not defeated, and in 2024 he or someone like him may well win the US presidency again (a prospect made more realistic by the Republican Party's campaign to restrict voting rights in areas where Democratic-leaning

minorities live).

Ultimately, the best way to prepare for another antagonistic president is to use the chance of a benevolent one to reduce the EU's vulnerability to the United States while also increasing its strategic value for Washington on existing and emerging challenges.

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