

EVENT REPORT
Experts Workshop

The Future of Transatlantic Relations
(Midterm Evaluation Administration Trump)¹

Date: 4 December 2018

The election of president Trump has caused major disruptions of the relations between the US and Europe. Recent differences over the Iran nuclear deal, trade and tariffs, the Paris climate agreement and other issues exposed and amplified a growing rift in the Transatlantic relationship. Already within two years, Trump's policy has impacted transatlantic relations and multilateralism in various areas. Recent plans of the Trump administration are likely to undermine the transatlantic link even further and will force the European partners to respond. How can an appropriate response look like? What consequences should the EU draw? At the Experts Workshop 'The Future of Transatlantic Relations' (Midterm Evaluation Administration Trump) we have posed these questions to experts of the transatlantic community in Brussels, from other parts of Europe and from the States. The following report aims to outline the discussions of the workshop and to highlight some of its conclusions.

Session I: The changes of the US political, economic and social landscape under the Trump administration and their impact on the EU²

Widening income inequality, anxiety about the future and loss of social status are some of the factors that have allowed Donald Trump to be elected president in 2016. He is at the same time a symptom and a cause for the divide that splits the country. The lines run between the rural and urban areas, between the losers and winners of globalisation, as well as between ethno-racial groups. These sentiments are not new. Their roots lie in the economic stagnation that already started in the 1980s. Since the issues of economic inequality have not been solved by former administrations, voters decided to try new tools to combat them. In this regard, to try out a president is unlike all predecessors. The results are not only a disruption of the domestic political system, but also a new uncertainty in all international relations with the US. Trump generally abandons all achievements of the Obama administration. As a result, common values seem to be falling apart: The liberal order is under threat. Bob Kagan raises the question in his new book whether the infrastructure that protected the western liberal democratic order is being overrun by the jungle again. How much can the world still be depended upon the US as a frontrunner on liberal values? And were the last decades only an exception to the 'normal' Hobbesian world?

For the transatlantic partnership this means a shift of relations. New paradigms for the structure of the relations need to be established. These must answer to four questions: When, where, how

¹ The workshop ([link programme](#)) took place on 4 December 2018.

² The panelists were **Jackson Janes**, President Emeritus of the American Institute for Contemporary German Studies at the Johns Hopkins University in Washington, DC; **Gerald Loftus**, Brussels-based former US diplomat & spokesman for Democrats Abroad Belgium (DAB); **Lukasz Pawlowski**, journalist, managing editor and head of the political section at Kultura Liberalna magazine, Warsaw; **Markha Valenta**, assistant professor Radboud University Nijmegen, The Netherlands. The debate was moderated by **Klaus Linsenmeier**, Head of Heinrich-Böll-Stiftung European Union, Brussels.

and why do we need each other? Do we need a common threat to hold us together? Or can our relation rely on something more existential? And who exactly will be part of this new structure? Until now, there is no hope for a new Obama. New candidates will face tremendous challenges combating Trump in his own field without lowering to his style of discourse. A new candidate would have to stand above Trump's lurid, populist style of campaigning. Until then Europeans can grasp more hope from looking at the regional and state level. Here, recent results of the mid-term election have brought a fresh breeze to the house of representatives, which lies now in the hands of the opposition. Stronger cooperation could be targeted with the leaders of individual states. For example, in the field of climate change. As Arnold Schwarzenegger just emphasised in a speech at the COP24 in Katowice that there is not just one leader in the USA, but many.

Nevertheless, one should be careful with placing too much hope in individuals. The recently published article of the New York from an anonymous staff member of the Trump administration about the conditions in the White House is alarming. It was said that individuals from his staff prevented Trump from signing laws that they felt were harmful to the country by removing them from his desk. This is worrisome from two perspectives: one being the fact that it is possible to remove papers from the desk of the President without him noticing. And secondly, that therefore, it could also be possible to put papers on his desk that do not belong there. Clearly, in the case of Trump, the system of checks and balances does not work. It should prevent people like Trump to even enter his position but failed, even though he was sentenced guilty in different cases of corruption and money laundry. His candidacy and election showed the flaws in the American legal system, which seems to be too weak. The fact that now individuals in his office are taking over the responsibility to prevent the country from harmful presidential decisions is disturbing.

A new development in US society is also the recent racialisation of partisanship in the US. Of course, race has always been part of American politics since the drawing of the constitution. But throughout the last election campaign race has been linked closer to party politics. Debates about racial privileges have become more important again. One reason for the returning trend are demographics in the US. They show that within the next decade the share of white people in the American society will shrink to 50%. The share of people from ethnic minorities on the other hand is rising. Proportionally, people of colour are also gaining greater access to political positions. The Obama family is a great example here. Looking at surveys, these developments do not reflect in an increase in ethnic identity, but a strengthening of white identity. These stronger white identity politics are represented mostly in the Republican Party. Therefore, the party lines nowadays resemble racial lines. People who have more favourable opinions towards migration, migrate to the Democratic Party. Instead, people with negative opinions towards migrations, support the Republican Party. Remarkably, the same split occurs on economic issues. Feelings about the state of economy are becoming linked to attitudes about migration. Surveys show, that people do not necessarily fear to lose their own job, but that members of 'their group' could lose jobs to the 'other group'. In this sense, racial anxiety becomes the driver of economic anxiety. Instead of trying to prevent a further splitting of society, Trump even emphasises and spreads these fears continuously through his rhetoric.

Session II: Trump's foreign and security policy – consequences for multilateralism and the EU³

In the past two years, Trump proved to be not very knowledgeable on security issues. The question is, however, whether Trump's approach is problematic also for EU foreign and security policy, and if so, to what extent. It has to be assessed, whether Trump's foreign policy actions, such as dropping out of the Iran deal, constitute a threat to both the US and the EU, and how we deal with it if they do.

We have seen that the EU can indeed 'bounce back', considering Brexit and other contemporary challenges to the EU's unity. Yet, Mike Pompeo's recent words about the 'uselessness of multilateralism' do constitute a threat for Europe, given the EU's inherently multilateral nature and the approval his words seem to find in certain parts of Europe. However, Trump's foreign policy also led to the EU considering new avenues and looking for a higher degree of autonomy, such as PESCO, the EU's new mechanism for military collaboration. In the short term, we will continue to see very little of the Common Foreign and Security Policy (CFSP) when it comes to big geopolitical questions such as Syrian or Libya, but we will probably see more cooperation on smaller policy issues.

It is questionable, whether Trump has a coherent foreign policy. While he seems to have guiding principles – for example his disbelief in alliances and multilateralism – his actions seem contradictory. At the same time, the EU is trying to become gradually more independent from the USA, but fails to unite the perspectives of its different Member States with respect to what our security threats are. There are two defining challenges as the EU's positioning between the USA and China, and its division on the CFSP. The European core has to learn to put its interest behind the one's of the periphery once in a while.

On the other hand, Trump does have a quite consistent worldview, but it does not translate in coherent foreign policy. His ideology consists of a strong stance against trade deficits, a dismissal of allies who he believes take advantage of the USA, as well as protectionism and self-interest. While he surrounded himself with very experienced foreign policy officials in the beginning of his term, he has learned to become more confident in his position as the president and in implementing his own foreign policy ideas. So now that 'the adults are out of the room' and cannot constrain him any longer, his actions become even more unpredictable. As a second point, while many US-citizens do not like Trump, his confident and independent appearance on the global level might still appeal to them. With respect to the 2020 debate, migration is going to stay a top issue and Trump will continue to exploit it. Hence, as long as the democrats do not have a strategy on that, Trump has the upper hand.

³ The panellists were **Rosa Balfour**, senior transatlantic fellow The German Marshall Fund of the United States and member of the Steering Committee of WIIS-Brussels; **Sophia Besch**, research fellow at the Centre for European Reform; **Jessica Brandt**, fellow Foreign Policy programme at Brookings; **Ian Lesser**, vice president for Foreign Policy at The German Marshall Fund of the United States (GMF) and **Vassilis Ntousas**, International Relations Policy Advisor at the Foundation for European Progressive Studies. The debate was moderated by **Giorgio Franceschini**, Department Head Foreign and Security Policy at the Heinrich-Böll-Stiftung e.V., Berlin.

Trump and Pompeo's foreign policy does not align to traditional foreign policy issues, except for their strong stance on Iran. It is a combination between domestic and foreign policy issues, such as identity politics, trade and climate change. As a second point, contrary to the general belief, the USA are not becoming significantly more isolationist. They are not cutting themselves off trade or security agreements in general, they just follow more self-interest driven goals and withdraw from certain topics, such as climate and nuclear proliferation. Even though the democrats flipped congress, foreign policy will not change significantly. This is because it was not Trump who invented the 'America First' foreign policy approach. Instead, there are also many democrats who take a hard stance on Iran, Russia and China.

We can identify four main lessons from the first two years of Trump's administration. The first is that everything is somehow continuing. Second, nobody should be surprised about any new statements or moves by Trump anymore. We pretend to be surprised, even though we already know that Trump has a deep distrust in the international liberal order and disregards his allies. The real threat is not his rhetoric, but his very radical agenda, even though it might be inconsistent. The third lesson is that Trump reacts well to power and firm resistance. Trump likes confidence, so appeasing him will never work. Hence, European leaders should stop to signal anything Trump might interpret as weakness or concession and take a stronger stance instead. The fourth and last point is that European leaders have gone through denial but have to recognise that the transatlantic system has to change since it does not work anymore. The EU must invest in new channels of transatlantic relations and improve their cooperation where it is possible to remain strong, especially with progressive forces in the USA.

Session III: Trump's policy on trade, economy, climate and energy – consequences for multilateralism and the EU⁴

The connection between economy and climate is crucial, when we want to prevent the world from global warming. A six-degree warming would mean overwhelming losses for the economy worldwide. What can multilateralism – especially between the USA and the EU - contribute to mitigate climate change?

Under the Trump administration there is little future for multilateralism regarding climate and energy although there is not much of an alternative concerning the depth of the climate crisis than to fasten multilateral cooperation. On the other hand, although the power of the current US president is enormous it should not be overestimated either. Because of the 10th amendment of the US constitution, the different states can and will provide their share to climate change mitigation. In that regard five coalitions are to mention: The 'We Are Still In'-Coalition to which ten states adhere and that represents around \$6 trillion of the U.S. economy; the 'US Climate Alliance' whose members represent a 35%-share of the US GDP, the 'Under2 Coalition' that forms the largest global coalition of states and regions with a 40%-share of the global economy to which

⁴ The panellists were **Renita Bhaskar**, European Commission, Deputy Head of Division DG Trade, US and Canada, **Peter Chase**, Senior fellow GMF, Brussels office, **Ferdi De Ville**, Assistant Professor Centre for EU Studies at Ghent University, **Rolf Nordstrom**, president and CEO of the Great Plains Institute, Minneapolis and **Marianne Schneider-Petsinger**, Geoeconomics Fellow in the US and the Americas Programme at Chatham House. The debate was moderated by **Radostina Primova**, Head of Climate and Energy programme at the Heinrich-Böll-Stiftung, European Union, Brussels.

twelve U.S. states belong and finally the 'Mayors for 100% Clean Energy'-Coalition of which over 200 US mayors are members. This group has adopted goals to transition to 100% renewable energy community-wide no later than 2035. Alongside these subnational coalitions there are corporate coalitions and alliances that support efforts of climate change mitigation. In addition, it's the market dynamics that create enormous momentum because of cheap natural gas, wind and solar that leads to a situation in which the red-state Texas is the front runner in producing wind energy.

The current relationship between the EU and the USA focuses on the trade barriers that the Trump administrations protectionism put in place. The necessity to acknowledge that the current trading system that has been established more than fifty years ago needs reforms to meet the current needs of today's challenges. In doing so it is important to focus on the WTO as a docking system for multilateralism that is currently at crisis and strengthen existing processes at WTO level. It is not possible to solely focus on the US. There is a need to look at the situation more globally and include other important actors such as developing countries. These have the most dynamic growth scenarios which is crucial in the context of climate change.

Currently, there are strong tensions between the Trump administration and the EU. The Trump administration very much focuses on the trade with merchandise goods leaving aside the trade surplus of services exported from the US. The White House is especially worried about the structural imbalance with Germany and accuses Berlin to undervalue the euro to gain trade advantages regardless the fact that currency policies are made by EU independently. It is questionable if the trade détente that was reached between Juncker and Trump can be transformed into a real deal, meanwhile it is obvious that Trump prefers bilateral deals over multilateralism and has offered France a bilateral trade deal that would be way better than any deal the whole EU could achieve.

Trump prefers bilateral agreements because he understands power as the core of negotiations. In the mind of Donald Trump, the USA has been a victim of its own state craft of the last 70 years. It does no longer translate to a geopolitical advantage, but rather lets itself being taken advantage of. That is the reason why the US tries to find a legal way to break internationally binding agreements and established national security as a reason for tariffs on cars and steel. On the other hand, it is the EU who has a well-protected market when it comes to agricultural goods, whereas the US as the world biggest agri-food exporter does not export agricultural goods to the EU except for soy beans. Additionally, a potential digital corporate tax would be a de facto tax on US corporations. Hence when dealing with the US the EU has to be self-reflective and at the same time firm towards the USA. Still, the economic relationship between the USA and the EU, which is based on investment not on trade, has never been better than nowadays.

There is a wide consensus that Trump means bad news for multilateralism. He has already dropped out of several multilateral agreements and thus, indirectly, has provided an excuse to other leaders to follow his way. The EU at the same time can seize the opportunity to step in the gap the US leaves behind and is currently opening trade negotiations with Australia, New Zealand, Mexico and Chile.

On the other hand, it remains questionable whether retaliation measures like those the EU took against the US, without consulting the WTO first, really are in line with the EU's multilateralism perspective.