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S&D Progressive Strategy for a Reinforced Transatlantic Partnership

1. Introduction

The EU and the US have been and will continue to be strategic partners. Under the Trump Administration, transatlantic (TA) relations have encountered tense moments and have taught us our relationship should never be taken for granted. The election of Biden/Harris last November provided much relief and optimism in the EU as to the opportunities to reset the TA relationship. While the new US administration will have a more cooperative attitude, some diverging interests will remain.

We need to build stronger ties and a more resilient alliance of democracies for reinvigorating the multilateral world order and resisting the assertive authoritarians undermining it. We need to pool energies to fight climate change, build a greener and more robust sustainable growth for a more inclusive society. Democracy, rule of law, environmental goals and labour rights, promotion of peaceful resolution of conflicts and reform of economic governance, by putting the fight against inequalities at its center should be central to our common progressive agenda. At the same time, we should emphasize the importance of visa reciprocity between the EU and the US and encourage both sides to find a solution that would enable a visa-free regime for all EU citizens.

Even though the US transition is not complete, President Biden and his team have already announced and initiated several actions and priorities that show a clear reengagement with multilateralism and willingness to cooperate with traditional allies. When it comes to the approach, there will certainly be a more constructive context to discuss aligning and diverging interests. In this light, we should not aim at repairing the TA relations but we should build them back, better than before. Both bilaterally as well as in multilateral settings, we should join forces whenever we can. At the same time, the EU needs to mature and stand up for its own interests whenever needed.

2. *Concrete priorities*

2.1 *Foreign affairs and security*

From the foreign affairs/security point of view, the progressive transatlantic agenda should be based on the following priorities:

- Reassert the continued relevance of the trans-Atlantic relationship for the restoration of the multilateral global order; welcome the return of the US to multilateralism as an opportunity to repair and rebuild the transatlantic relationship; reassert the continued validity of NATO and its security guarantees;
- Support the creation of the EU-US Security and Defence Dialogue and call for its launch as soon as possible;
- Foster cooperation not only on traditional security threats, but also on new ones such as hostile foreign technological dominance, hybrid threats, disinformation and cybersecurity;
- At the same time, promote a greater EU self-reliance in matters of hard security and defense as a way to wean the EU off the excessive dependency on the U.S., while also avoiding an excessive militarization of the EU foreign policy; putting the onus on rebalancing the responsibilities in the trans-Atlantic relationship, with the EU assuming greater responsibilities for its defense;
- Formulate a new agenda privileging multilateral diplomacy for attainment of public common goods: climate diplomacy (build on US rejoining the Paris Agreement); health diplomacy (reform of the WHO, joint responsibility for the global distribution of vaccines, including in lower-income countries);
- Crack down on financial heavens and associated criminality; work on minimum tax levels for multinationals and big tech companies;
- Reaffirm the centrality of the Sustainable Development Goals, or Agenda-2030 as a framework for an effective multilateral cooperation, involving also China;
- Welcome the Biden administration's announced intention to seek a seat in the UN Human Rights Council as a political message signaling the US renewed commitment to global promotion of the human rights; in this context, encourage the US to join more multilateral frameworks, such as the International Criminal Court; in line with the EU's traditional asks, encourage the US to move towards an abolition of the death penalty, reform

of the criminal justice system, address systemic racism (also in the EU) and end of all discrimination of LGBTQI persons;

- Calls for enhanced coordination on the use of the human-rights sanctions mechanisms;
- Stress the common need to defend democracy not only against external threats, but, first of all, by addressing the far right populist threat within our liberal democracies, by, inter alia, launching redistributive social and economic policies addressing the root causes of inequalities and marginalization that provide a fertile ground for far right demagogues to thrive;
- Call for a comprehensive EU-US dialogue on China that should address possible cooperation with the US on China and explore possibilities for EU-US cooperation with China in multilateral frameworks on common challenges, such as climate change;
- Call for close cooperation to jointly address the range of threats emanating from the Russian Federation;
- Support closer cooperation with the US and Latin American countries in promoting multilateralism, democratic values, sustainable development, human rights and international law standards;
- Engage with the US in Western Balkans and Eastern Europe, in order to promote resilience, economic development and democratic reform of these societies which would be the best guarantee against the resurgence of authoritarian, populist and nationalist trends;
- Place high priority on the need to revitalise the arms control talks between the key global players, such as US and Russia, that have direct impact on the European security, such as the INF treaty; stress the urgent need to rebuild the conventional arms control architecture, to limit the arms race and the scope for unforeseen incidents; this includes developing common rules for transparency of military exercises; Call for close cooperation to jointly address the range of threats emanating from the Russian Federation.
- The Arctic is becoming an ever more important region as increasing global interest is paid to it both economically and strategically. EU needs to pay attention to the region and support in the context of the Arctic Council the Transatlantic partners US and Canada, Nordic member states and Russia to promote peaceful relations and tackling Arctic issues together.

- Call for a recalibrated EU-US presence in the Middle East: reduce the military footprint, end arms sales to the regional actors involved in wars and mass atrocities, urge a determined joint push to end the war in Yemen, encourage the regional players to implement confidence-building measures ideally leading to an OSCE-like inclusive security arrangement; strongly encourage a revival of the nuclear deal with Iran, known as the Joint Comprehensive Plan of Action (JCPOA); call for renewed transatlantic efforts to meaningfully revive the Middle East Peace Process, leading to a viable two-state solution: take a clear stand in favor of democracy and human rights in the region, instead of “authoritarian stability.
- Calls on the EU and the US to promote a closer and more ambitious international cooperation on election observation jointly with all relevant partners, especially with the endorsing organizations of the "Declaration of Principles for international election observation", to counter growing public security threats to electoral processes; stresses the need to jointly counter the growing phenomenon of fake domestic observation, which undermines public trust in election observation overall, and to assess in-depth the opportunities, challenges and risks involved in the growing use of new electoral Information and Communication Technologies;

2.2.Trade

Workers & wages, defeating the pandemic as well as supporting sustainable economic recovery should be central to our TA trade agenda. We should aim for open (not protectionist) trade policy that promotes environmental and social justice (for instance labour and environmental standards in trade agreements) and contributes to upward convergence of labour standards at home and abroad.

In the past few weeks, we have seen some positive signs from the US side. Noteworthy is their support for the new WTO Director General as well as the agreement reached on tariff rate quotas (TRQ) in the framework of the WTO as well as the 4 months moratorium on tariffs related to the Airbus-Boeing dispute. However, on quite some issues, the US point of view is not yet very developed or is not in line with our priorities. Some divergences will not disappear overnight. In particular, unilateral and unlawful measures by the Trump government are still in place. Among others, the unjustified tariffs on steel and aluminium imposed in an investigation must be dismantled.

In our approach we should aim to find common solutions and joint actions in areas where our interests converge. In those areas where our interests diverge, we should seek a better understanding of each other’s viewpoint.

When it comes to the trade agenda, the progressive transatlantic agenda should be based on the following priorities:

Multilateral level

1. We need to work towards a fair international trading system that promotes sustainable, greener, inclusive, resilient economic growth in full respect of human rights. In order for this to materialize, we need to make the WTO fit for the 21st century. This implies among others:

- reform the 3 core functions of the WTO (make sure open plurilateral agreements can be integrated in the WTO, reform the appellate body, reinforce monitoring and deliberative function)
- update WTO rules on state owned enterprises, industrial subsidies and overcapacity, forced technology transfer to efficiently address the challenges posed by China

- expand on the trilateral initiative with Japan

- set up an ambitious environmental agenda, also by relaunching the Environmental Goods Agreement

- regulate trade in health products, building on the Trade & Health Initiative

- revisit the TRIPS agreement to make sure it is capable of dealing with the challenges related to pandemics (ensure that patents do not hamper countries' ability to develop a more autonomous health strategy, increase possibilities for technology transfer and increased manufacturing capacity)

- agree on some key goals (deliverables) for the next MC12, namely
 - an agreement on curbing harmful fisheries subsidies (including addressing the development-nation status)
 - have at least a declaration concerning trade and health
 - put forward a work programme for a reform of the dispute settlement system
 - put forward a work programme on industrial subsidies and SOEs
 - achieve substantial progress on e-commerce negotiations

- regulate digital trade, find a global solution to tax digital companies (OECD) and common rules for digital platforms

Bilateral level

Also on the bilateral level we should work on resolving trade irritants and cooperate on a positive forward-looking agenda. This includes the following priorities:

- Relaunch a high level strategic dialogue to enhance bilateral TA cooperation, secure a level playing field and reach high social and environmental goals;
- Work towards a strong environmental agenda, including a similar approach for a Carbon Border Adjustment Mechanism (CBAM);
- Cooperate to improve respect for workers' rights and environmental standards and build on each others' experience to more efficiently enforce them;
- Facilitate mutual market access for EU and US companies, cut red tape and address the US Buy American Act and the Jones Act;

Strengthen TA technological cooperation, among others via the Trade and Technology Council with the goal to agree on common standards for new technologies (e.g.. aiming for CO2 neutrality) as well as, whenever feasible, for older technologies (e.g. cars);

- Set up a specific a sub-committee on Trade & Technology within the Transatlantic Legislators' Dialogue to complement the executive part of the Trade & Technology Council and to exercise democratic control thereof;
- Solve long-standing trade irritants such as the Airbus-Boeing conflict in the WTO and come to multilateral rules for subsidizing civilian aircraft;
- Work towards an exemption from US extraterritorial sanctions;
- Replace EU-US privacy shield;
- Dismantling of US unilateral tariffs on EU aluminum and steel;
- Design joint action to ban forced labour and exploitative labour conditions, and increase transparency and accountability in global supply chains;
- Build more resilient supply chains and strengthen common approach to CSR;
- Develop a common approach to protecting critical technologies;

- Closely cooperate, whenever possible, for a joint strategic approach towards China, including a discussion on the US phase one agreement and the EU's CAI

3. Procedure to cooperate

In order to engage with US counterparts we propose to do the following:

- Promote an inclusive transatlantic dialogue as a base on the legislative level by means of possible working groups between MEPs and Members of Congress.
- Strengthen interparliamentary cooperation between Members of the European Parliament and Members of Congress in different thematic areas that could enable the exchange of best practices on global, but also on shared, domestic challenges. Hold regular (e.g. every three months) meetings between S&D members and their counterparts in the relevant committees in Congress.
- Extend the cooperation to progressive stakeholders in the EU and in the US, such as trade representatives, trade unions, civil society organizations and with other institutions.
- Host webinars on matters of common concerns.
- Organize visits, once travelling is safe again.
- Draft joint statements/declarations on key issues to shape joint actions.
- Hold regular contacts with our Commissioners, namely HR Borrell and VP Timmermans.
- Call for annual EU-US summits.