

 Policy Paper

# EVALUATING TRANSATLANTIC RELATIONS IN TIMES OF CONFLICT



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## Introduction

The transatlantic relationship has faced many trials and tribulations over the years, often questioning the strength and resilience of the alliance. However, on February 24, 2022, the allies found quick resolve and newfound purpose in response to Russia's illegal invasion into Ukraine.

The global response to the conflict was, and remains, unprecedented. Instead of dividing, the war has reunited global allies and put aside grievances to provide decisive and swift reactions. The war has demonstrated unparalleled level of political will and unity but also displayed a rejuvenated NATO (The North Atlantic Treaty Organization) and displayed the European Union (EU)'s advancing security capabilities.

However, as the long-term impact and conclusion of the war remains unknown, fears around support-fatigue continues to be an ongoing challenge. Exacerbated by economic constraints brought about by the post-pandemic recovery, looming energy, and climate crises, mounting domestic challenges, and growing external threats – the question remains whether the rekindled transatlantic relationship can endure the next challenge?

This background paper will evaluate the current transatlantic agenda and goals of both the EU and US as they, for the first time since World War II, navigate a war-time Europe. It will assess how the two sides can work closer together as the EU establishes its new security architecture, tackle geopolitical challengers such as Russia and China, pursue strategic economic and energy autonomy, and reinforce the democratic values that bind the allies. Finally, the paper aims to provide insights on how to strengthen the transatlantic relationship with special emphasis placed on how the Central and Eastern European can play a pivotal role.

## Transatlantic Security in Times of Conflict

Establishing strong political, economic and security ties between the European Union (EU) and United States (US) have been essential for global stability since the Cold War. However, as new emerging external and internal threats challenge the allies, upholding and defending the democratic values that bind the two regions remain at its fundamental core.

After the Biden administration took office in 2020, the first two years of his term have been focused on course-correcting US's foreign policy. The Trump administration, which sought an 'America First' approach, proved detrimental to US's global standing and tarnished relations with long-time allies. The aim of the Biden administration has been to get America back at the proverbial global table and reestablish and strengthen its relations with allies, especially within Europe. However, various fumbles including the US's rapid withdrawal of troops in Afghanistan, which placed pressure on European allies to follow suit – gave way to the first real stress test in the transatlantic relationship since Biden took office. While the relationship got back to a rocky start, the next transatlantic stress test would put aside those grievances – for the time being at least.

Russia's illegal war of Ukraine was set to exploit the frail transatlantic relations courtesy of the Trump administration while further dividing and weakening the transatlantic

relationship. Unlike Russia's previous moves of aggression in Georgia and Crimea, it galvanized the global community into creating stronger synergies and defense capabilities. Shortly after the invasion, on March 2, the U.N. General Assembly voted 141-5 to demand Russia "immediately, completely and unconditionally withdraw" from Ukraine (47 countries, including China and India, abstained or did not vote).<sup>1</sup> On October 22, the U.N General Assembly called upon countries not to recognize the four regions of Ukraine, which Russia has recently claimed, following so-called referendums held late last month, and demanding that Moscow reverse course on its "attempted illegal annexation".<sup>2</sup> Three-quarters of the 193-member General Assembly - 143 countries - voted in favor of a resolution. The countries who voted against were Belarus, the Democratic People's Republic of Korea, Nicaragua, Russia and Syria.

Beyond the diplomatic route, the US, EU, and other global partners have substantially increased military, humanitarian, and economic assistance to Ukraine and imposed a series of increasingly severe sanctions on Russia. In addition, hundreds of US and EU companies withdrew, suspended, or curtailed operations in or with Russia.

Central and Eastern Europe (CEE) in particular, have stepped up to help their Eastern neighbor in both military and humanitarian assistance. Countries like Poland haven taken in a majority of refugees while also providing essential military assistance. In a sense, the war in Ukraine has justified many of the CEE countries' long-time concerns over Russia's growing aggression in the neighborhood. Moreover, the war has bolstered US security commitment to Europe and to the region through increased military presence. It has also amped up allied and NATO support in the region. However, it has also taken a toll on the CEE security environment as Visegrad 4 members (Slovakia, Czech Republic, Hungary, and Poland) have experienced diverging views on security relations with the US and severing full ties with Russia. The fractious dilemma of Russian relations represents a stark departure from the security alignment and shared threat perception the V4 used to share, and which in many ways represented a historical bedrock of the group.

As the war continues, allies, especially in the CEE region, are already looking to help restore Ukraine's critical infrastructure. This includes ensuring essential services, strengthening resilience, and stabilizing the overall economy.

## **Establishing a New European Security Architecture**

Over the years, the EU has emerged as a stronger global player by establishing and investing more into trade relations and developing its own defense capabilities. Since the Cold War, Europe saw a gradual decline (except for some post-Soviet Member States) in military and security development, occupied and led by the US vis-a-vis NATO. However, as the security environment in Europe became less secure and a US security support waned under the Trump administration, the EU sought to establish and develop its own security through various strategic autonomy approaches. These include the development of the Permanent Structured Cooperation (PESCO), and other internal security structure such as the European Defense Fund (EDF) and Coordinated Annual Review on Defence (CARD), which have added

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<sup>1</sup> <https://news.un.org/en/story/2022/03/1113152>

<sup>2</sup> <https://news.un.org/en/story/2022/10/1129492>

to the region's security arsenal by pooling European finances, capacity, and military capabilities in pursuit of European strategic autonomy, forming a stronger pillar of NATO.

With war on its doorstep, the EU was quick to establish a series of sanction packages,<sup>3</sup> provided weapons to Ukraine, expedited temporary protection status for Ukrainian refugees, and accepting Ukrainian EU candidate status. It clearly demonstrated that the EU could show unparalleled level of political will and unity when faced with a security crisis. Over the last decade, the EU has transformed its security posture by using tools within its such as the European Peace Facility and Military Mobility, to take greater responsibility for its own security and defense and to be able to respond to crises more effectively.

The European Peace Facility (EPF) is a crucial element of the EU's effort in the domain of the Common Security Defense Policy (CSDP). The EU made use of the EPF to support the capabilities and resilience of the Armed Forces of Ukraine to defend its country. The mechanisms of the EPF was quickly transformed into a tool delivering military equipment to the war zone through the ministries of defense of the EU Member States. The mobilisation of the in support of Ukrainian and ability to fund lethal weapons and to ship them into a war zone - represented a radical shift for EU foreign policy. It also provided internal solidarity and helped with the initial financial burden caused by providing quick aid to Ukraine. The usage of EPF highlights the need for more effective, flexible, and responsive crisis management tools. It provided the political and legal framework needed to ensure the use of a mechanism quickly. However, issues around procurement, long-term financing and ensuring future integrated approaches among EU members remain a priority moving forward. The further adaptation of mechanisms, like EPF, should be utilized to adapt effectively to the next future crises.

In addition, the war in Ukraine highlights the importance of logistics in general and moving forces across EU fast and effectively in particular. Member States committed to simplify and standardize cross-border military transport procedures. Military Mobility is supported through other defense initiatives, notably PESCO and is a flagship project within the EU-NATO cooperation framework as well. Military mobility therefore remains a vital mission for the EU's defense development. The need to enhance and improve military mobility within the EU remains one of the objectives of the EU's established Strategic Compass, which will lead to a more effective and timely response to crises. Moreover, the results of the work on military mobility can contribute to the security and defense in Europe beyond the scope of the EU itself.

While an increase in EU defense readiness have drastically increased since the start of the war, competing domestic interests and future crises will diminish the long-term goals of certain Member States. There should be efforts to encourage investment and long-term structural planning by Member States to both support Ukraine but also to increase their cooperation and interoperability – while not duplicating or competing with NATO.

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<sup>3</sup> <https://www.consilium.europa.eu/en/press/press-releases/2022/10/06/eu-adopts-its-latest-package-of-sanctions-against-russia-over-the-illegal-annexation-of-ukraine-s-donetsk-luhansk-zaporizhzhia-and-kherson-regions/>

## NATO's Renewed Purpose

NATO's purpose and function has been called into question many times, especially in the last decade. With France's President calling it "brain dead" to former President Trump questioning the validity of the alliance - Former Finnish Prime Minister Alexander Stubb recently stated that "the identity crisis that plagued the alliance since the Cold War ended has come to an end because 'nothing unites more than a common enemy' ".<sup>4</sup>

Since the breakout of war along its Eastern front, NATO has helped to coordinate Ukraine's requests for assistance and is supporting Allies in the delivery of humanitarian and non-lethal aid. Individual NATO member countries have been sending weapons, ammunition, and many types of light and heavy military equipment, including anti-tank and anti-air systems, drones, among others.

At the Madrid Summit in June 2022, Allied leaders agreed a strengthened package of support for Ukraine, which includes support in secure communications, fuel, medical supplies, body armor, equipment to counter mines and chemical and biological threats, and portable anti-drone systems. Allies also agreed to help Ukraine transition from Soviet-era equipment to modern NATO equipment, boost interoperability with Allied forces, and further strengthen Ukrainian defense and security institutions.<sup>5</sup>

In addition, Finland and Sweden completed accession talks and both countries formally confirmed their willingness and ability to meet the political, legal, and military obligations and commitments of NATO membership. However, it has spurred objections from countries like Hungary and Turkey, leading to a series of diplomatic efforts in order to garner unanimous support - for the Atlantic alliance to expand, all members must agree.

In a recent joint statement, presidents of Poland, Romania, Slovakia, Czech Republic, Estonia, Latvia, Lithuania, Montenegro and North Macedonia stated that they "firmly stand behind" a NATO decision made at the 2008 Bucharest summit on Ukraine's membership prospects to the alliance, but no official commitments for Ukraine to join stands at the moment.

To date, NATO Allies have provided billions of euros' worth of military equipment to Ukraine to help Ukraine uphold its right of self-defense. NATO has recently taken a stronger stance in response to a series of Russian missiles by providing deliveries of advanced air defense weapons to Kyiv.

As a potential arms race ramps but along with the growing nuclear threats posed by Russia, questions remain on how NATO would respond if a member was directly threatened? Article 5, which states that if a member of the alliance is the victim of an armed attack, each and every other member of the Alliance will consider this act of violence as an armed attack against all members and will take the actions it deems necessary to assist the ally attacked. Currently, the CEE and Baltic region stand in a position to be the most directly affected by Russia's continued aggression towards Ukraine. Fears of escalation – both territorial but also

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<sup>4</sup> <https://www.euractiv.com/section/defence-and-security/news/nato-found-renewed-purpose-amid-ukraine-war-says-former-finnish-pm/>

<sup>5</sup> [https://www.nato.int/cps/fr/natohq/topics\\_192648.htm?selectedLocale=en#:~:text=At%20the%20Madrid%20Summit%20in,and%20portable%20anti%20drone%20systems.](https://www.nato.int/cps/fr/natohq/topics_192648.htm?selectedLocale=en#:~:text=At%20the%20Madrid%20Summit%20in,and%20portable%20anti%20drone%20systems.)

nuclear - and any miscalculations may result in a larger conflict. How NATO and allies like the US react, remains uncertain.

## **Aligning strategically – at least on paper**

On 21 March 2022, the European Council formally adopted the Strategic Compass, an ambitious plan to strengthen its own security and defense policy by 2030. The aim of the Compass is to develop the EU as a stronger and more agile international actor, able to respond to threats emanating from the strategic environment in which it operates.

As part of its “geopolitical awakening” the Strategic Compass aims not only to map how the EU should develop its security and defence posture but to take concrete measures to develop its ability to act. The Compass sets out a common strategic vision for EU security and defence policy over the next 5-10 years and has already started its implementation but requires the increased commitment of the Member States to harmonize the national procedures and additional clear guidance of the EU institutions and its leaders.

Through its ‘act, secure, invest and partner’ approach, the Strategic Compass builds upon the EU’s pre-existing defence instruments developed over the years to create a more integrated and coherent security and defence. Exacerbated by the conflict in Ukraine, the EU has already demonstrated through its ‘act’ approach that it could act swiftly and in unison to provide vital aid to its Eastern neighbour. The Compass plans to enhance this by “reinforcing civilian and military CSDP missions and operations by providing them with more robust and flexible mandates, promoting rapid and more flexible decision-making process and ensuring greater financial solidarity, while also promoting close cooperation with European-led ad hoc missions and operations.”<sup>6</sup>

However, while the Compass aims to provide the EU with the opportunity to become a provider of security and to respond decisively to the protection of values and interests, there are still concerns about the possible duplication of resources and processes already existing within the NATO. Despite these concerns, deeper collaboration with its strategic partners such as the United States, NATO, and other regionally important actors remain vital as the EU proceeds with its security ambitions.

At the 2022 NATO Summit in Madrid, allies adopted the NATO Strategic Concept, which reaffirms the security pact’s values and purpose and provides a collective assessment of the security environment. It also aims to drive NATO’s strategic adaptation and guide its future political and military development. It also calls for closer coordination with the EU at both the strategic and operational levels, enabling for a more comprehensive and efficient response to future crises. For example, EU-NATO plan to further develop parallel and coordinated exercises aimed to enable information exchange and improve readiness to tackle mutual security concerns, including complex hybrid attacks.

Through the Compass, the EU can collaborate closer with NATO, utilizing their strong and established industrial base, but also further leverage their own economic and political capabilities. Both EU and NATO member states must gradually adapt and form synergies in

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<sup>6</sup> <https://www.consilium.europa.eu/en/press/press-releases/2022/03/21/a-strategic-compass-for-a-stronger-eu-security-and-defence-in-the-next-decade/>

the development of their individual security policies that reflect both the Strategic Compass and the NATO Strategic Concept.

The US has also recently launched its long-anticipated National Security Concept, which outlines how the Biden Administration will advance America's vital interests, position the US to outmaneuver their geopolitical competitors and tackle shared challenges.<sup>7</sup> It focuses on countering China and Russia by primarily working close with allies, like the EU and NATO to assume greater responsibility by increasing their spending, capabilities, and contributions. This includes increasing European defense investments, through or complementary to NATO, to create a more united and competitive advantage over both Russia and China.

With NATO's Strategic Concept, EU's Strategic Compass and US National Security Concept now adopted and published, all three entities have an opportunity to align on shared objectives. However, political motivation, follow-through, and the ability to be agile to current and future challenges will remain essential moving forward for the transatlantic relationship.

## **Aligning on Geopolitical Strategies: From Trans-Atlantic to Indo-Pacific**

While all eyes are currently focused on Russia, growing challenges posed by China cannot be ignored. China has played the devil's advocate during the war in Ukraine by providing "diplomatic support for Moscow and shown hostility toward NATO and its approach to the war".<sup>8</sup> Fears remain that Beijing would assist Moscow in evading sanctions placed on them by allies or use the war in Ukraine as a diversion to exercise its own territorial aggression towards contested regions such as Taiwan or the South China Sea. To counter-balance China's growing economic and military presence, the US and EU have set out strategies offering alternatives to the pre-existing balance of power by bolstering its presence in the region and the Indo-Pacific region has emerged as an arena of great power competition.

However, even before the war in Ukraine, relations between the transatlantic allies and China had deteriorated significantly over an array of issues from human rights violations to trade, economic and territorial aggression. The Chinese Party Congress, which just took place in October, also came out with their own strategic visions, which outlines China's next 5-year plan on national security, economic progress, and continued spread of ideology. Some analysts speculate that with another Xi Jinping term, he will likely push China towards a more authoritarian political stance for a third five-year term.<sup>9</sup>

China has been investing heavily in its military mobilization to shift the balance of power within the Indo-Pacific region, which could have "dangerous consequences for regional

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<sup>7</sup> Chrome

extension://efaidnbmnnnibpcajpcgltclefindmkaj/https://admin.govexec.com/media/embargoed\_until\_12\_pm\_biden-harris\_administration's\_national\_security\_strategy.pdf

<sup>8</sup> <https://www.atlanticcouncil.org/in-depth-research-reports/report/cooperation-with-china-challenges-and-opportunities/>

<sup>9</sup> <https://www.bbc.com/news/world-asia-62970531>

peace and security.”<sup>10</sup> Any aggression towards Taiwan has the potential to be the next stress test for the transatlantic relationship.

While only fourteen countries maintain official diplomatic ties with Taiwan, the United States maintains a strong “unofficial relationship” with Taiwan. Beijing has repeatedly urged Washington to stop selling weapons to and cease contact with Taipei, the US continues to sell defense equipment to its military. Tensions rose recently with U.S. House Speaker Nancy Pelosi’s trip to the Taiwan in which Beijing launched responded with “joint military exercises around the island and suspended or canceled eight official military dialogues and cooperation channels with the United States.”<sup>11</sup> Fears over any further heightened tensions between China and Taiwan could lead to conflict with the US.

The EU, on the other hand, have had diverging approaches towards Taiwan. In response to China’s tactics towards the U.S. House Speaker Nancy Pelosi’s trip to the Taiwan, Members of the European Parliament established a resolution denouncing China’s “unprecedented live-fire military exercises in the Taiwan Strait.”<sup>12</sup> MEP’s stated that “Taiwan’s status as a like-minded EU partner, its strategic trade position, and the country’s leading role in the global supply chain of key high-tech sectors, including for semiconductors” called for the “EU to strengthen its relations with the democratically-governed island”.<sup>13</sup>

The resolution follows Lithuania’s plans to open a trade representation office in Taipei in the fall of this year. MEPs stated that EU Members should “follow Lithuania’s example and strengthen their bilateral relations with Taiwan.”<sup>14</sup> Prior to this development, a large Taiwanese delegation visited Slovakia, the Czech Republic and Brussels in 2021 while many European policymakers visited Taiwan.<sup>15</sup> While the EU remains Taiwan’s largest foreign investor and fourth largest trading partner, the EU remains in compliance with China’s ‘One China’ policy. However, there has been some evolution in this orientation as witnessed with the inclusion of Taiwan in the EU’s Indo-Pacific Cooperation Strategy.

The EU launched its new strategy to engage with the Indo-Pacific in February of 2022 and outlined its ambitions to contribute to the “region’s stability, security, prosperity and sustainable development, in line with the principles of democracy, rule of law, human rights and international law.”<sup>16</sup> While the war in Ukraine has certainly taken away some of the EU’s energy and focus, the Indo-Pacific portfolio remains imperative especially for economic and sustainable development matters. As the US continues to engage in the region, it is vital for the EU to continue to develop their Indo-Pacific strategy. However, it should complement,

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<sup>10</sup> <https://www.atlanticcouncil.org/in-depth-research-reports/report/cooperation-with-china-challenges-and-opportunities/>

<sup>11</sup> <https://carnegieendowment.org/2022/08/17/how-pelosi-s-taiwan-visit-has-set-new-status-quo-for-u-s-china-tensions-pub-87696>

<sup>12</sup> <https://www.europarl.europa.eu/news/en/press-room/20220909IPR40151/meps-urge-eu-countries-to-build-closer-ties-with-taiwan>

<sup>13</sup> *ibid.*

<sup>14</sup> *ibid.*

<sup>15</sup> <https://www.realinstitutoelcano.org/en/commentaries/eu-taiwan-relations-continue-to-expand-in-the-framework-of-the-one-china-policy/>

<sup>16</sup> [https://www.eeas.europa.eu/eeas/eu-strategy-cooperation-indo-pacific\\_en#:~:text=The%20EU%20is%20stepping%20up,and%20in%20addressing%20global%20challenges.](https://www.eeas.europa.eu/eeas/eu-strategy-cooperation-indo-pacific_en#:~:text=The%20EU%20is%20stepping%20up,and%20in%20addressing%20global%20challenges.)

rather than compete with the investments required for building up both resilience in Ukraine but also with the US.

The US came out with their revised Indo-Pacific strategy in February as well. Eclipsed by the war in Ukraine, the US also had to shift priorities and resources, but the strategy also promote closer and deeper cooperation as it adapts to the new security environment and growing threats from China. As the EU and US can navigate the shifts occurring in the geopolitical space, the opportunity to align closer on the Indo-pacific region can help bolster both economic but democratic resilience.

## **The Path towards a Stronger Economic and Energy Resilience**

The Ukraine war comes at a time when the world is still recovering from a global pandemic and Europe is experiencing its largest mass migration since World War II. With grain shortages, increases in the price of oil, gas and commodities and disruptions in energy supply chains – the full extent of the economic impact remains unknown. While countries brace for an economic recession, allies are already looking to help restore Ukraine's critical infrastructure, ensuring essential services, strengthening resilience and overall economic stability. However, building up a transatlantic economic and energy resiliency will need to be at the front and center of both regions' agendas as they navigate immediate and future challenges.

On energy, an increase in global demand has put a strain on existing resource and energy production. Coupled with the tactics being orchestrated by Russia, energy supplies within Europe have been disrupted and the ramifications of this will be felt worldwide. The recent attacks in September on the Nord Stream pipelines, which carry gas from Russia to Europe, shows how energy sources are being weaponized. While Russia remains the biggest driver of the high energy prices, tactics used by OPEC by, for example, cutting down production are not helping either.<sup>17</sup>

To build up long-term resilience, the European Commission proposed the 'Fit for 55' package in July 2021, which aims to adapt its existing climate and energy legislation to meet the new EU objective of a minimum 55 % reduction in greenhouse gas (GHG) emissions by 2030. The 'Fit for 55' package is part of the European Green Deal, which aims to put the EU firmly on the path towards climate neutrality by 2050.<sup>18</sup> The legislative package is right now being negotiated in the dialogues between the representatives of the European Commission, the European Parliament and the Member States. Its implementation is expected to begin next year. In May 2022, the Commission proposed the REPowerEU package, which further increases the EU's renewable energy and energy efficiency targets by 2030 in order to boost the bloc's energy security.

In order to stay the course, measures to mitigate the energy crisis effects remain the top priority. In October, European Commission President Ursula von der Leyen sent a letter outlining to Member States the Commission's roadmap for further addressing the energy

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<sup>17</sup> <https://www.nytimes.com/2022/10/05/business/opec-russia-oil-output.html>

<sup>18</sup> [https://www.europarl.europa.eu/thinktank/en/document/EPRS\\_BRI\(2021\)698781](https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI(2021)698781)

crisis. It proposes to limit prices in the natural gas market, while also working on more gas saving measures. In addition, it recommends “stepping up negotiations with reliable suppliers such as Norway and the USA.”<sup>19</sup> In addition, European Parliament MEPs recently adopted a resolution asking for more emergency measures to help European households and businesses facing increasing energy prices. In addition, it called for the immediate full embargo on oil, coal, nuclear, fuel and gas from Russia.

While President Biden has provided more natural gas to the EU to help allies decrease its reliance on Russian energy supplies, the US is also facing the worst energy crisis in nearly five decades with mounting prices and limited supply. The US has put forth various efforts to mitigate and curtail their own energy shortages by severely restricting the supply of oil and gas, but this remains a short-term solution to a long-term challenge. In the recently published National Security Strategy, the Biden Administration has cited Climate and Energy Security as one of the “existential challenges of our time”.<sup>20</sup> The US aims to provide over \$11 billion in annual climate funding and encouraging partners to increase their own contributions.<sup>21</sup>

The US and EU have jointly approached the issues of energy scarcity even before the war began with their joint commitments to “meeting the goals of the Paris Agreement, achieving the objective of net zero emissions by 2050, and keeping a 1.5 degrees Celsius limit on temperature rise within reach, including through a rapid clean energy transition, renewable energy, and energy efficiency.”<sup>22</sup> In the early days of the conflict, the US and the European Commission established a joint Task Force on Energy Security to set out the parameters of this cooperation and execute its implementation. Part of the deal was that the US would also increase its LNG imports to the EU it can cut its dependency on “Russian gas by two-thirds this year and end all Russian fossil fuel imports by 2027.”<sup>23</sup> Russia supplies around 40% of Europe's gas needs. While this will take time to adapt, in the long-term perspective, LNG (and especially US LNG made from fracked gas) remains bad for climate and environment and should be phased out over time. Thus, Europe is balancing precariously between addressing immediate concerns with long-term carbon lock-in dilemmas. Since its establishment, they have met regularly to discuss options to reduce Europe's demand for natural gas and to discuss actionable policy recommendations to ensure ample supply for vital energy solutions.

## Bracing for economic impact

As witnessed during the pandemic, the world's economies are more interlinked today than ever. Still recovering from the effects of the pandemic, the war in Ukraine has added to pre-existing concerns of a global economic slowdown coupled with surging inflation and public debt, and a spike in poverty levels.

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<sup>19</sup> <https://dr2consultants.eu/eu-energy-climate-policy-update/>

<sup>20</sup> Biden-Harris Administrations National Security Strategy, October 2022. Page 27.

<sup>21</sup> Biden-Harris Administrations National Security Strategy, October 2022. Page 28.

<sup>22</sup> <https://www.whitehouse.gov/briefing-room/statements-releases/2022/03/25/joint-statement-between-the-united-states-and-the-european-commission-on-european-energy-security/>

<sup>23</sup> <https://www.reuters.com/business/energy/us-eu-strike-lng-deal-europe-seeks-cut-russian-gas-2022-03-25/>

According to a World Bank report issued in July, the war in Ukraine and sanctions imposed on Russia will greatly affect economies around the world, in particular the emerging market and developing countries in the Europe and Central Asia region.<sup>24</sup> They project that “Ukraine’s economy is expected to shrink by an estimated 45.1 percent this year, although the magnitude of the contraction will depend on the duration and intensity of the war. Hit by unprecedented sanctions, Russia’s economy has already plunged into a deep recession with output projected to contract by 11.2 percent in 2022.”<sup>25</sup> The OECD stated that the global GDP already stagnated in the second quarter of 2022 and output declined in the G20 economies. High inflation has persisted for longer than expected. In many economies, inflation in the first half of 2022 was at its highest since the 1980s.<sup>26</sup> In order for the global economy to rebound from these concerning trends, the transatlantic allies need to find more avenues to collaborate, rather than compete.

Re-establishing trade relations between the US – EU and other allies may be the way forward. A revival of another Transatlantic Trade and Investment Partnership (TTIP), which was a proposed free trade agreement between the US-EU between 2013 and 2016, could be considered. The agreement would have been the largest free trade agreement ever implemented in the world but was curtailed by President Trump, who instead engaged in a trade dispute with Europe. Brookings expert Sanjay Patnaik stated that re-establishing TTIP could help with the energy crisis by having “energy and especially natural gas and renewable energy”<sup>27</sup> included in the negotiations. He furthers that it would streamline the process with exports from the US to Europe and would be made easier to bypass current regulations in place if we had a free trade agreement in place. In addition, “renewable energy production, renewable energy sectors, would also have been more integrated across the Atlantic, and obviously that would have really helped in the current crisis.”<sup>28</sup> While establishing a TTIP 2.0 may not be on the horizon, aligning closer on trade politics remains vital. This can also include strengthening trade ties with fellow democratic Indo-Pacific allies like Japan, Taiwan, and India.

## **Upholding of Transatlantic Unity and Consensus within the EU**

The conflict in Ukraine has reminded the transatlantic community how important it is to safeguard the democratic principles that have bound the US and Europe since the Cold War. If left unattended, authoritarian powers will continue to undermine the stability and rules-based-order that has, until recently, secured peace in Europe. In a recent poll issued by the Democracy Perception Index (DPI), found that democracy was in decline around the world. It showed that people still believe in it with 84% say that it is important to have democracy in their country. However, a growing number are disenchanted with the state of democracy,

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<sup>24</sup> <https://www.worldbank.org/en/news/press-release/2022/04/10/russian-invasion-to-shrink-ukraine-economy-by-45-percent-this-year>

<sup>25</sup> <https://www.worldbank.org/en/news/press-release/2022/04/10/russian-invasion-to-shrink-ukraine-economy-by-45-percent-this-year>

<sup>26</sup> <https://www.oecd.org/economic-outlook/september-2022/>

<sup>27</sup> <https://www.brookings.edu/podcast-episode/how-a-us-eu-trade-agreement-could-improve-the-economy-increase-jobs-and-strengthen-democracy/>

<sup>28</sup> *ibid.*

41% feeling that there is not enough democracy in their country. The decline in democratic values remain a strategic challenge affecting the world today and will have severe consequences, if left unchecked.<sup>29</sup>

Highlighted in both the NATO Strategic Concept, the EU Strategic Compass and the US National Security Strategy, defending democracy remains a common global agenda in order to counter external threats from authoritarian powers. However, both US and EU allies have seen the rise of internal threats to these core values with the continued tide of populism and nationalistic right-wing rhetoric that challenges and questions these values.

As the people of Ukraine and oppressed countries around the world go to the streets to fight for freedom and democracy, it is difficult to witness the democratic backsliding occurring on both sides of the Atlantic. The rise of both domestic and international attacks on democracy remains the most troublesome as we witnessed accounts of rule of law and human rights violations within Europe - with Poland and Hungary in particular. This has led to a division within the Visegrad 4, which historically stood aligned on their post-Cold War ambitions to join the West both politically and militarily. While issues like migration and strategic autonomy have divided the group – the V4 have found themselves even more split on the political spectrum between “pro-European governments in Prague and Bratislava and right-wing populists in Budapest and Warsaw.”<sup>30</sup>

Instead of uniting these post-Cold War regions, Ukraine further fragmented the group, with Hungary adopting a distinct position from the other three in regard to relations with Russia. Together with the ongoing developments around the rule-of-law dispute between Poland and the EU institutions, unified cooperation between the V4 remains unlikely in the foreseeable future. NATO’s essential mission to ensure that the Alliance remains an unparalleled community of freedom, peace, security, and shared values, including individual liberty, human rights, democracy, and the rule of law<sup>31</sup> - remains unchanged. The war has unfortunately forced both the US and European allies to “downplay their traditional emphasis on democratic political values in the interests of forging a unified front against Moscow and deterring Mr. Putin from any such attacks in the future.”<sup>32</sup> However, if there is ever an opportunity to stress the importance of upholding these values, it is to emphasize what is at stake if all Member States don’t adhere to these principles – unwarranted access to a security umbrella.

## Leadership matters

If there are any takeaways from today’s current geopolitical situation, it will be that leadership matters. With authoritarian personalities like Moscow’s Vladimir Putin and Beijing’s Xi Jinping – the world is witnessing the unsettling impact that individuals can have on a global scale. Europe currently stands firm with leaders such as France’s Emmanuel Macron and Germany’s Olaf Scholz increasing support for the war, but with elections unfolding in key regions, including the US midterms, the unity currently shared could shatter

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<sup>29</sup> <https://latana.com/democracy-perception-index-report-2022/>

<sup>30</sup> <https://esthinktank.com/2022/06/20/war-on-ukraine-will-the-visegrad-four-unravel/>

<sup>31</sup> [https://www.nato.int/cps/en/natohq/official\\_texts\\_133169.htm](https://www.nato.int/cps/en/natohq/official_texts_133169.htm)

<sup>32</sup> <https://www.csmonitor.com/World/2022/0517/Poland-given-pass-on-rights-violations-because-of-Ukraine-war-role>

at any moment with the next crisis. One of the key areas that can withstand expected leadership change is the focus and commitment to upholding democracy, rule of law and the sanctity of our electoral process.

One of President Biden's early goals while in office was to renew democracy in the United States and around the world to meet the 'unprecedented challenges' of our time. The inaugural Summit for Democracy took place in December 2021 and focused on three themes: defending against authoritarianism, addressing, and fighting corruption, and advancing respect for human rights. It brought together leaders from government, civil society, and the private sector in our shared effort to set forth an affirmative agenda for democratic renewal and to tackle the greatest threats faced by democracies today through collective action. The short and long-term goals of this Summit remain in flux but the Biden administration plans to hold a follow up Summit in spring of 2023 in order to further expand the range of issues facing democracy worldwide and look at the country commitments made in the 2021 Summit. The question remains, what will happen to countries who do not follow up on their commitments and who continue to backslide on their democratic principles?

While the Summit outlined many of the external issues facing democracy, it also touched upon the domestic issues that are threatening fundamental aspects of democracy including elections. With the continued rise of both domestic and foreign misinformation and disinformation tactics, the US and EU have been victim to various tactics aimed to undermine and question the validity of the electoral process.

Even while this paper is being written, the US is still unpacking the results from the recent mid-term elections where the Democrats have retained control of the Senate and the Republicans are making modest steps towards taking power in the House. Whatever the final results, the mid-term elections will not only set the tone for what the next 2 years of a Biden administration but the world – both democracies and autocracies – watched to see how US's previously contested electoral process ran. With a political split, questions around how will this change the orientation of its transatlantic policy remains in limbo. At this moment, transatlantic relations and support for NATO remains strong on both sides of the aisle but mainly due to the war in Ukraine. Whether with support-fatigue, looming domestic issues and the divisive upcoming 2024 elections on the horizon, the Biden administration can keep the transatlantic relations strong – remains unclear.

The EU's election season will also shape and determine not only what kind of leadership will they see in the future, but also how the leadership can shape the transatlantic relationship moving forward. Other elections on the horizon in the EU including the Czech Republic, Turkey, and Poland have the potential to have an impact and potentially shift the region's approach towards the war in Ukraine and relations with the US and the rest of the EU.

The Czech Republic has been able to exercise and display their steadfast leadership during their presidency of the Council of the European Union (EU) which began in July and will conclude this December 2022. The Presidency has focused on three fundamental areas: EU-NATO cooperation; EU support to Ukraine; and the implementation of the Strategic Compass. On foreign policy issues, their main priorities which included Ukraine, energy, defense, economy, and democracy. Their mission has been to support Ukraine in their efforts to defend themselves and to counter the dangers of "Ukraine fatigue" as mentioned by Foreign Affairs Minister Jan Lipavský in July. He also stressed the need for a stronger

transatlantic partnership while discussing how the EU should reassess its relations with Russia in the long term.<sup>33</sup> As Sweden takes over in January 2023, the hope that the focus on CEE security and defense that the Czech Presidency had emphasized, remains a focus of the EU moving forward.

## Next steps:

By creating economic and energy disruptions, causing fractures within political regions like the V4, are all tactics by the Kremlin to turn the tide of the war to their side. Looking beyond the current war in Ukraine remains difficult. Questions around what happens when, and if the conflict escalates, what will a post-Ukraine look like, how will relations with Russia look like? What allies can control, is how the transatlantic community can work closer together during these times of conflict.

As mounting challenges continue to face the US and EU, the partners will need to remain aligned on a range of issues and at times, put grievances aside to counter the autocratic regimes aiming to dismantle and disrupt the rules-based order.

- **The security realm remains an area that the US, EU Members States and NATO, need to increase strategic support and keep the economic pressure with coordinated sanctions.** Unfortunately, the war has become one of territorial advancement and if Russia continues to push inland and gain territory, Ukraine's ability to push back may waver especially as key cities fall into Russian hands. The conflict requires continued support not just on the humanitarian side, but military support.
- **This is a key moment for the EU to find and invest in its greater specialization, especially as they expand their defense and security objectives.** This includes increasing European defense investments, through or complementary to NATO, in order to create a more united and competitive advantage over both Russia and China.
- **In addition, there should be efforts to encourage investment and long-term structural planning by Member States to both support Ukraine but also to increase their cooperation and interoperability – while not duplicating or competing with NATO.**
- **With NATO's Strategic Concept, EU's Strategic Compass, and the US's National Security Concept now adopted, all three entities have an opportunity to further align on shared objectives.**
- While countries brace for an economic recession, allies are already looking to help restore Ukraine's critical infrastructure, ensuring essential services, strengthening resilience and overall economic stability. **Building up a transatlantic economic and energy resiliency will need to be at the front and center of both regions' agendas as they navigate immediate and future challenges both internally and externally. This**

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<sup>33</sup> <https://www.europarl.europa.eu/news/en/press-room/20220711IPR35010/czech-presidency-outlines-priorities-to-ep-committees>

can also include strengthening trade ties with fellow democratic Indo-Pacific allies like Japan, Taiwan, and India.

- **As the EU and US can navigate the shifts occurring in the geopolitical space, the opportunity to align closer on the Indo-pacific region can help bolster both economic but democratic resilience.** However, it should complement, rather than compete with the investments required for building up both resilience in Ukraine but also with the US.
- Political willingness from both the EU and US needs to be maintained to support not only Ukraine, but other vulnerable regions in the neighborhood such as Moldova, Georgia and the Baltic region. **Countries within Central and Eastern Europe stand at a pivotal moment to build up the region's defenses, increase interoperability with allies and become stronger defense providers, rather than consumers within the EU, NATO and beyond.**

## **About**

EUROPEUM Institute for European Policy is leading the project titled “Empowering Serbian CSOs involved in the decarbonization process through the V4 experience”. EUROPEUM is a non-profit, nonpartisan, and independent think-tank focusing on European integration and cohesion. EUROPEUM undertakes original research, organizes public events and educational activities, and formulates new ideas and recommendations to improve European and Czech policy making. Research of environmental issues and EU climate policies is one of long-term priorities and as such, EUROPEUM is currently implementing two large-scale projects focusing on decarbonisation supported by the ECF and EUKI, focusing on decarbonisation of industry across the V4. EUROPEUM is also cooperating with TAČR and implementing long-term research on Climate Diplomacy.

## **About author:**

Danielle Piatkiewicz is a research fellow at EUROPEUM focusing on issues around Transatlantic and Central and Eastern European foreign and security relations, democracy promotion and NATO. She is also an independent consultant for the Alliance of Democracies Foundation and Founder of DEP Consulting. Previously, she was a senior program coordinator for The German Marshall Fund of the United States’ (GMF) Asia and the Future of Geopolitics programs (Washington, DC) and she worked on various leadership development projects including the Young Professionals Summit at GMF’s flagship event, the Brussels Forum among others. Before that, she worked as a program assistant in GMF’s Wider Atlantic program in Brussels and program intern in Warsaw. Before joining GMF, she worked for the European Institute of Peace in Brussels (EIP). She holds a M.A. in international and political studies with a concentration in transatlantic studies from Jagiellonian University in Krakow, Poland. She received her B.A. in political science with an emphasis in international relations and a minor in German studies from the University of California, Santa Barbara (UCSB).