

European issues
n°545
04th February 2020

The State of the Transatlantic Relationship in the Trump Era

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On February 3rd, the Iowa caucus opens the U.S. electoral year, in which a series of electoral dates will follow in close succession until November 3 when Americans will be called to the polls to choose the 46th president of the United States. On the eve of this electoral meeting, but also of the Munich Security Conference (February 14-16), we look back at the Europe-U.S. relationship in the era of Donald Trump.

For seven decades the transatlantic partnership has been the bedrock of the post-World War II international order grounded in the United States and Europe's shared commitment to freedom, democracy, human rights, rule of law and open trade. Anchored in a network of transatlantic-centered institutions such as the North Atlantic Treaty Organization (NATO), the European Community and later the European Union, as well as international organizations such as the IMF or the WTO, the transatlantic relationship was built to provide the normative grounds on which the liberal international order would rest.

Despite numerous ups and downs in the past over issues related to international security, trade disputes and diplomatic tensions, this values-based transatlantic relationship has proved resilient to crisis. However, this resilience has been seriously put to the test by President Donald Trump's "America First" approach to foreign policy. This approach places emphasis on the pursuit of US national interests as the ultimate goal regardless of international norms and political traditions, thus breaking radically with Barack Obama's more inclusive vision of "renewing American leadership" in a "multi-partner world"[1]. By contrast, unlike his predecessors, Trump rejects the very foundations of the liberal international order as evidenced by his contempt for multilateral organizations, his deep mistrust in US traditional allies, and his unilateralist and transactional view of security and trade alliances.

In October 2018, *Foreign Affairs* magazine revealed the results of a survey[2] undertaken with a broad pool of experts in the field of transatlantic relations

regarding the impact of Trump's presidency on the transatlantic relationship. The question "Has the transatlantic alliance been irreparably damaged?" did not generate any consensus. Yet, the majority of respondents agreed that serious damage has been done to the transatlantic relationship, particularly in terms of security and trade, though not all of them defined it as "irreparable". This damage has been caused, according to the experts', by Trump's careless and destructive rhetoric, as well as by his unilateralist and controversial actions related, among others, to NATO, the US withdrawal from the Iran nuclear deal, and the Paris climate agreement, and Trump's import steel and aluminium tariffs. Indeed, the list of Trump's foreign policy tweets, speeches and decisions that raised Europeans' concern about the future of transatlantic relations is quite long. Nonetheless, it is worth recalling at least three of the main issues of discord between the Trump administration and the EU member states: Brexit, NATO and trade.

THE "SPECIAL RELATIONSHIP"

One of the first frictions between Washington and Brussels appeared as early as 2016, when then-presidential candidate Donald Trump hailed the results of the Brexit referendum as a "great victory" saying that the British voters had exercised their "sacred right" to regain their independence and reassert control over their country, borders and economy[3]. It was no surprise that former British Prime Minister Theresa May was the first foreign leader to meet the new occupant of the White House, only eight days after his inauguration on 28 January 2017. To shore up this "special relationship", Trump promised that the US would negotiate a free trade deal with the UK as soon as the country left the EU. Even though House Speaker

[1] Barack Obama, "Renewing American Leadership", *Foreign Affairs*, July/August 2007.

[2] "Has the Transatlantic Alliance Been Irreparably Damaged? Foreign Affairs Asks the Experts", *Foreign Affairs*, 16 October 2018.

[3] Ewen MacAskill, "Donald Trump arrives in UK and hails Brexit vote as 'great victory'", *The Guardian*, 24 June, 2016.

Nancy Pelosi asserted in April 2019 that Congress would block any trade deal with Britain should Brexit weaken the Northern Ireland Peace agreement[4], some US officials, such as former national security adviser John Bolton, declared that America would enthusiastically back a no-deal Brexit. Added to this is also Bolton's statement that he and president Trump "were leavers before there were leavers"[5] in the sense that the Brexit vote paved the way of Donald Trump's election as it set the stage for a global anti-establishment and populist revolt, thus giving legitimacy to Trump's call to give sovereignty back to the people and "Make America Great Again". This also reflects the current US administration's Eurosceptic attitude, which is at odds with the traditional US foreign policy strategy with regard to Europe, while previous American presidents have encouraged the EU integration and enlargement process based on the conviction that a peaceful, stable and prosperous Europe is of vital importance for promoting the US interests and security. In this light, some observers argue that Trump's attitude vis-à-vis the EU can be interpreted as part of his "grand plan" that aims to unravel the Union, perceived by some hard-line conservatives as a competing ideological project that could turn Europe into a serious rival for Trump's America[6]. On the other hand, some analysts contend that the UK's withdrawal from the EU would weaken US influence over EU countries, since Washington will lose its best advocate and ally inside the EU.

[4] Suzanne Lynch, "No US-UK trade deal if Brexit threatens peace process, says Pelosi", *The Irish Times*, 17 October 2019.

[5] Patrick Wintour, "US and Britain could sign sector-by-sector trade deals, says Bolton", *The Guardian*, 13 August 2019.

[6] Nathalie Nougayère, "A chaotic Brexit is part of Trump's grand plan for Europe", *The Guardian*, 14 March 2019.

[7] David E. Sanger and Maggie Haberman, "Donald Trump sets conditions for defending NATO allies against attack", *The New York Times*, July 20, 2016.

[8] Fabrice Pothier and Alexander Vershbow, "NATO and Trump: the case for a new transatlantic bargain", *The Atlantic Council*, May 2017.

[9] A transcript of Donald Trump's meeting with The Washington Post editorial board, *The Washington Post*, March 21, 2016.

budget to a total of up to 13 billion €. In a document devoted to the future of European defense in June 2017, the European Commission stated that "[more has been achieved over the last two years than in the last 60](#)". As recently as 20 January 2020, European countries announced their "political support" for the creation of a European maritime surveillance mission in the Strait of Hormuz (EMASOH).

TRUMP'S NATO BASHING AND ITS EFFECTS ON THE TRANSATLANTIC ALLIANCE

President Trump has gone further than any of his predecessors in his criticism of NATO. Not only did he call the alliance "obsolete" during the US presidential campaign, because it was not doing enough to fight terrorism, but once in office he displayed his readiness to make conditional the US commitment to the mutual defense pledge in Article 5. That would depend, Trump stressed, on whether the European allies have "fulfilled their [financial] obligations to us"[7], specifically whether they have met NATO's 2 percent of GDP target for defense spending. While the issue of fair burden-sharing between the US and its European allies is as old as the Alliance itself[8], no other US President before Trump has gone as far as to threaten to withdraw American forces from Europe if allies fail to pay more for the American protection.

Trump's mercantilist understanding of the transatlantic security relationship is rooted in his zero-sum approach to world politics according to which foreign relations are simple interactions to which the US has made disproportionately higher contributions than its allies, and has gotten raw deals from them and the global order in general[9]. This sense of a bad bargain requiring urgent renegotiation, by putting America's interests first, has been the driving force behind Trump's statements and policies and has caused much concern in Europe about the US' security posture regarding NATO.

The efforts of some senior administration officials to temper Trump's statements such as Vice President Mike Spence who said at the Munich Security Conference in February 2017 that "the United States of America

strongly supports NATO and will be unwavering in our commitment to this trans-Atlantic alliance”[10], were barely enough to reassure the Europeans. Indeed, Trump’s U-turns on NATO have been stunning. After having declined to endorse explicitly Article 5 in his speech at the NATO summit in Brussels in May 2017[11], a few weeks later President Trump took all his national security advisors by surprise when he declared during a press conference that the United States stood firmly behind Article 5[12]. Although Trump reversed his opinion about NATO being “obsolete”, by recognizing the alliance’s importance in fighting terrorism, he has been persistent and blunt in bashing allies for not meeting the 2 percent threshold in their defense spending. Moreover, during his speech at the NATO summit in Brussels in 2018 he went as far as to suggest that the alliance members should increase their military expenditure to 4 percent[13]. Yet the most stunning of all President Trump’s contradictory pronouncements on NATO was reported by The New York Times. According to the newspaper, over the course of 2018 Trump privately raised the threat of withdrawing the United States from NATO. This idea was met with harsh criticism by the President’s national security team including then-Secretary of Defense James Mattis and former national security adviser John Bolton. They both pointed out that an American withdrawal from the 70-year-old alliance would drastically reduce American influence in Europe, which would be damaging to US interests and could embolden Russia for decades to come. Acting upon the same views, Congress took measures to counter any such move of the President. In January 2019 an unprecedented bipartisan legislation known as the [NATO Support Act](#) was overwhelmingly approved by the House of Representatives to prohibit the withdrawal of the United States from the alliance without Senate approval.

While much of Trump’s criticism of NATO European countries’ engagement in the alliance is based on his tweets and speeches, the actual documents tell a slightly different story. For instance, the *National Security Strategy (NSS)* issued by President Trump in December 2017 reaffirmed the US’ commitment to Europe, stressing that “A strong and free Europe is of vital importance to the United States. We are

bound together by our shared commitment to the principles of democracy, individual liberty, and the rule of law [...]. The United States is safer when Europe is prosperous and stable and can help defend our shared interests and ideals. The United States remains firmly committed to our European allies and partners. The NATO alliance of free and sovereign states is one of our great advantages over our competitors, and the United States remains committed to Article 5 of the Washington Treaty.[14]” The Secretary of Defense’s new *National Defense Strategy (NDS)* released in February 2018 also emphasized the strategic importance and value of NATO in facing main threats to the US, namely those coming from China and Russia, described as “revisionist powers”: “Mutually beneficial alliances and partnerships are crucial to our strategy, providing a durable, asymmetric strategic advantage that no competitor or rival can match [...]. Every day, our allies and partners join us in defending freedom, deterring war, and maintaining the rules which underwrite a free and open international order.[15]” These strategy documents clearly reaffirm the US commitment to Europe, along with the critical importance of Russia’s re-emergence as a potential threat[16].

The stark contrast between President Trump’s unorthodox or offensive remarks and open criticism of European allies and, on the other hand, the more common-sense strategic policy documents published by his Administration raises the question of the extent to which his controversial presidency is affecting the transatlantic security alliance. Some commentators argue that Trump’s transactional approach to managing NATO represents “an existential threat”[17] to the alliance, which comes less from the inconsistent policy positions Trump has taken than from some of his core beliefs of world politics. On the other hand, some analysts consider that Trump’s effect on the transatlantic alliance should not be overstated given that the transatlantic security relationship has always been tumultuous, especially if one remembers the schism between the United States and some of its allies, namely France and Germany, caused by George W. Bush’s unilateralist decision to intervene in Iraq in 2003[18]. Seen in this light, even the current rising tensions between the US and the EU Member States

[10] Steven Erlanger and Alison Smale, “In Munich, Pence says U.S. commitment to NATO is ‘unwavering’”, *The New York Times*, 18 February 2017.

[11] Jacob Pramuk, “Trump gave a speech to NATO leaders, but it’s what he left out that got their attention”, *CNBC*, 25 May 2017.

[12] Jacob Pramuk, “Trump endorses NATO’s mutual defense pact in Poland, after failing to do so on first Europe trip”, *CNBC*, 6 July 2017.

[13] Jeremy Diamond, “Trump opens NATO summit with blistering criticism of Germany, labels allies ‘delinquent’”, *CNN*, 11 July 2018.

[14] *National Security Strategy of the United States of America*, The White House, December 2017.

[15] *Summary of the National Defense Strategy of the United States of America: Sharpening the American Military’s Competitive Edge*, Department of Defense, 2018.

[16] Jeremy Shapiro, “The everyday and the existential: How Clinton and Trump challenge transatlantic relations”, *European Council on Foreign Relations*, October 2016.

[17] “Transatlantic relations: U.S. interests and key issues”, *Congressional Research Service*, May 31, 2019.

[18] Joyce P. Kaufman, “The US perspective on NATO under Trump: lessons of the past and prospects for the future”, *International Affairs*, Vol. 93, No. 3, 2017, pp. 251-266.

over the Iran nuclear deal, following Trump's decision to unilaterally withdraw his country from the Joint Comprehensive Plan of Action (JCPOA), are not so unusual. The current transatlantic crisis is deemed to be first and foremost a result of the asymmetry of power between the United States and Europe[19]. This is also related to a shift in the US priorities in view of which America should steer clear of problems in other regions, including Europe.

Based on the above analysis, one might conclude that it has become urgent for Europe to diminish its security reliance on the US by strengthening its own defense capabilities. At the same time, it is in the US' interest to support EU defense and security initiatives. This could lead to developing and delivering mutually reinforcing capabilities, which would be beneficial for both sides, especially given that after Brexit, 80% of NATO's defense spending will come from non-EU allies and NATO European countries' military capability will be greatly decreased[20].

This implies that European leaders should be more committed to meeting their goals in terms of defense and security. As French President Macron warned European policymakers in a recent [interview](#) given to *The Economist*, in the context of Trump's America turning its back on the European project, and growing risks of confrontation with China, and authoritarian regimes in Russia and Turkey, Europe needs, according to the French President, to start thinking and acting not only as an economic power, but also as a strategic power by achieving its "military sovereignty": "If we don't wake up [...] there's a considerable risk that in the long run we will disappear geopolitically, or at least that we will no longer be in control of our destiny".

TRANSATLANTIC ECONOMIC RELATIONS IN THE CONTEXT OF TRUMP'S TRADE WARS

In contrast with Obama's [focus on multilateral trade and the negotiation process of a Transatlantic Trade and Investment Partnership](#) (TTIP) aimed at eliminating tariffs for industrial goods between the USA and the EU,

the Trump administration has taken a fundamentally different unilateralist, mercantilist and transactional approach to trade. This is best reflected in the President's 2019 [Trade Policy Agenda](#), which highlights three main points. First, the Trump administration defines the global trading system as "deeply flawed" and grounded on "outdated and imbalanced trade agreements" such as the North American Free Trade Agreement (NAFTA), which have reduced US economic growth and market competition, thus harming US workers and businesses. Moreover, the international trade law included in the World Trade Organization (WTO) is deemed to be "failing" and inefficient because of the difficulties the WTO faces in concluding rounds of multilateral trade negotiations.

Secondly, President Trump advocates the revision of US trade agreements, and the stricter, even aggressive, enforcement of US trade laws "using all available tools" to prevent other countries, especially China, from applying unfair trade practices that may compromise the interests of American workers and businesses. To attain this goal, the Trump administration is trying to assert the United States' national sovereignty at the WTO as it expresses its disagreement (in reality, by blocking the confirmation of the WTO Appellate Body comprising seven members appointed by the Dispute Settlement Body, DSB) with the DSB to create new interactions for WTO members.

Finally, the Trump administration openly declares that its ultimate goal is to rebalance all America's trade relationships in order to make them serve the US interests better. Put in application, this strategy also includes pulling the US out of trade agreements deemed to be disadvantageous for America, such as the Trans-Pacific Partnership (TPP).

In light of the trade policy agenda discussed above, it is noteworthy that President Trump perceives trade as a zero-sum game based on tit-for-tat deals rather than a rule-based multilateral trade system. For him, America's trade deficits with other countries simply indicate that respective trading partners do not play by the rules. The Trump administration has thus cast accusations on several countries, including some EU

[19] Alina Polyakova and Benjamin Haddad, "Europe alone: what comes after the transatlantic alliance", *Foreign Affairs*, July/August 2019.

[20] Nicholas Burns and Douglas Lute, "NATO at Seventy: An Alliance in Crisis", *Belfer Center for Science and International Affairs*, Harvard Kennedy School, February 2019.

Member States, for using “unfair” trade practices, which have damaged the American economy and companies. According to Trump, the remedy for rebalancing US trade deficits is the implementation of high tariffs on certain products, since this strategy of trade protectionism and economic nationalism is deemed to protect American industries and revitalize the US economy. He even went further by writing in a tweet that “trade wars are good, and easy to win”[21], especially given that “America is losing many billions of dollars on trade with virtually every country it does business with”. The US goods [trade deficit with EU countries](#) was \$169 billion in 2018, which represents a 11.8% increase over 2017, and 77.1% increase over 2008. This is partly due to the US’s trade deficit in goods with Germany as it represents nearly two-thirds of the EU total. However, Trump totally ignores the overall US trade surplus in services, although with some EU Member States, namely Germany and Italy, the US runs a trade deficit in both goods and services. This explains to a large extent Trump’s sharp criticism of Germany regarding trade, as well as his goal to rebalance US trade relations in general.

[The trade war](#) unleashed by the Trump administration was initially directed at China because of its technology transfers, intellectual property and innovation policies, found to be “unjustifiable” or “discriminatory”, and to “burden or restrict United States commerce” under Section 301 of the US Trade Act of 1974[22]. The use of Section 301 sanctions has been the subject of congressional and broader international debate, because instead of using this Section to build a case against China, and pursue a trade settlement at the WTO, Trump enacted it unilaterally. By doing so, he rejected not only the WTO’s arbitration, but the fundamental principles of rule-based multilateral resolution of trade disputes, which is a clear departure from past American administrations, which have followed WTO’s rules to maintain the legitimacy of the international trade system[23]. Additionally, Trump has also resorted to another unprecedented measure, namely national security, to justify a series of tariff measures on steel and aluminium imports. These tariffs have affected several US trading partners, including the EU.

On June 1, 2018, President Trump imposed a 25% tariff on steel imports and a 10% tariff on aluminium imports from the EU under Section 232 of the Trade Expansion Act of 1962. This section allows the US President to request an investigation by the Department of Commerce about the effects of specific imports on the US national security. If any such effects are discovered, the President is allowed to take action to adjust the level of imports by increasing tariffs or imposing quotas[24]. In reaction to Trump’s tariffs, the EU imposed retaliatory tariffs on selected US products. Once unleashed, the EU-US trade war may slip into a spiral of reciprocal tariffs, as evidenced by the latest developments in the Boeing-Airbus affair.

Is the damage incurred by the Trump administration’s actions to EU-US trade relations irreparable? The common sense answer to this question would be negative, we remember that EU-US trade is by far the biggest bilateral trade flow in the world and that the US and the EU are each other’s largest trade and investment partners. Total EU-US trade in goods and services reached \$1.3 trillion in 2018, while investment ties in terms of affiliate presence and intra-country trade, are even more significant given their size and high interdependence[25].

Hence, the transatlantic economy is highly integrated, which makes it resilient to certain trade shocks. Yet, the outcomes of the current EU-US trade frictions depend not only on Trump’s actions, but also those of the EU. [In a major speech](#) on July 19 2018, former EU Trade Commissionaire Cecilia Malmström argued that the EU “had no choice but to respond” to the US actions, while stressing that the EU wanted to de-escalate tensions and return to the trade status quo as of January 2018, before the execution of punitive trade sanctions by the Trump administration. However, this seems unlikely to happen, especially if Trump is re-elected President for a second mandate. In this case, the least of the worst scenarios for the EU to resolve trade disputes with Trump’s America would be to agree on “voluntary restraints” (quotas) on exports to the US market [as already undertaken by some other countries](#).

[21] “Trump tweets: trade wars are good and easy to win”, Reuters, 2 March 2018.

[22] Section 301 of the US Trade Act (1974) authorizes the President to require a trade investigation from the US Trade Representative (USTR) in order to determine if an “act, policy, or practice of a foreign country violates or is inconsistent with the provisions of, or otherwise denies benefits to the United States under any trade agreement”. Based on the results of the USTR investigation, the President may direct the USTR to enforce such rights or to obtain the elimination of such act, policy or practice. See, Trade Act of 1974, Public Law 93-618.

[23] Rachel Brewster, “The Trump Administration and the Future of the WTO”, *The Yale Journal of International Law Online*, Vol. 44, 2018.

[24] For more information, see “Section 232 investigations: overview and issues for Congress”, Congressional Research Service, CRS report R45249, 2 April 2019.

[25] “Transatlantic Relations: US Interests and Key Issues”, Congressional Research Service, CRS report R45745, 31 May 2019.

LOOKING AT 2020: "TRANSATLANTIC BUSINESS AS USUAL" OR TRANSATLANTIC RELATIONS IN A DEADLOCK?

The future of transatlantic relations has never been more uncertain than in the Trump era. 2020 will be a decisive year for both sides of the Atlantic. In the USA, the 2020 presidential election will show if "the Trump effect" in terms of antiliberal and protectionist policy making is a

passing phenomenon or a deeper transformative trend in US politics. In the EU, the UK's exit from the Union on January 31, 2020 could lead to a deepening of the cooperation among EU Member States, particularly in the field of security and defense, since there will no longer be any British opposition.

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