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## U.S.-European Relations in the 118<sup>th</sup> Congress

### An Evolving Relationship

Since the end of World War II, the United States and Europe have forged a close, wide-ranging partnership. Often termed the *transatlantic relationship*, the U.S.-European partnership encompasses the 31-member North Atlantic Treaty Organization (NATO), relations with the 27-member European Union (EU), and extensive bilateral political and economic ties. Despite periodic tensions over the past 70-plus years, U.S. and European policymakers generally have valued NATO, the EU, and the broader transatlantic partnership as serving their respective geostrategic and economic interests. During the Trump Administration, U.S.-European relations were strained by President Trump's strident criticism of NATO, the EU, and key European countries, as well as by policy divisions on a range of issues, including relations with China and Iran, tariffs and other trade issues, climate change, and managing the Coronavirus Disease 2019 (COVID-19) pandemic.

European officials welcomed Biden Administration efforts to decrease tensions. The launch of Russia's war against Ukraine in 2022 bolstered U.S.-European ties, but some challenges have arisen and other foreign policy and trade differences persist. The second session of the 118<sup>th</sup> Congress may evaluate current U.S. interests in Europe, implications of Russia's aggression in Ukraine, and prospects for future U.S.-European cooperation.

### Transatlantic Relations and U.S. Interests

U.S. policymakers for decades have regarded both NATO and the EU as crucial to maintaining peace and stability in Europe and stymieing big-power competition that cost over 500,000 American lives in two world wars. The United States spearheaded NATO's creation in 1949 and encouraged the European integration project from its inception in the 1950s. During the Cold War, NATO and the European project were considered essential to deterring the Soviet threat. With strong U.S. support, NATO and the EU have enlarged since the 1990s, extending security and prosperity across the European continent.

The U.S. and European economies are deeply intertwined. According to U.S. Bureau of Economic Analysis data, the transatlantic economy—the 27 EU member states plus the non-EU countries of the United Kingdom (UK), Norway, and Switzerland—typically generates around \$6 trillion per year in foreign affiliate sales and directly employs up to 10 million workers annually. The United States and the EU are each other's largest overall trade and investment partners.

Officials and experts on both sides of the Atlantic assess that U.S. leadership of NATO and cooperation with the EU has helped foster democratic and prosperous European allies that, in turn, have bolstered U.S. foreign and security policies and the multilateral trading system. U.S. and European officials have worked together on many common

challenges—from promoting stability in various regions (including the Balkans, Afghanistan, and Africa) to countering terrorism and cybercrime to addressing Russia's first invasion of Ukraine in 2014. Historically, U.S.-EU cooperation was a driving force in liberalizing world trade. Additionally, the well-honed habits of U.S.-European political, military, and intelligence cooperation are unique and cannot be easily replicated with other international actors. U.S. engagement in Europe also helps limit Russian, Chinese, or other possible malign influences.

At the same time, U.S. concerns exist about aspects of the transatlantic relationship. Despite ongoing overall U.S. support for NATO (including in Congress), previous U.S. Administrations and some Members have repeatedly argued for more European defense spending and burden sharing. U.S. officials have long regarded certain EU regulatory approaches and other policies as barriers to trade. President Trump was particularly forceful in calling for greater European defense spending and in criticizing EU trade practices as unfair and damaging to U.S. interests.

### Biden Administration Policies and War in Ukraine

Upon entering office in 2021, President Biden expressed strong U.S. support for NATO and its Article 5 mutual defense commitment and pledged to work with the EU and European governments on common global concerns. Biden Administration officials viewed cooperation with European democracies as key to countering challenges posed by China, Russia, and other authoritarian governments. European leaders welcomed the renewed U.S. commitment to multilateralism exemplified by President Biden's decisions to reverse certain Trump Administration policies and rejoin the World Health Organization and the Paris Agreement on combating climate change. At the same time, some tensions remained and new controversies emerged, including in relation to the U.S. troop withdrawal from Afghanistan in August 2021 and the Australia-UK-U.S. security pact for the Indo-Pacific (known as AUKUS) announced in September 2021.

Since 2022, Russia's war against Ukraine has dominated the transatlantic agenda. The Biden Administration, NATO, the EU, and nearly all European governments strongly condemn Russia's actions, steadfastly support Ukraine's territorial integrity, and have been providing military and economic aid to Ukraine. U.S. and European officials are coordinating security assistance to Ukraine. The United States and many NATO allies have increased military deployments to Central and Eastern Europe to deter further Russian aggression and reinforce the alliance's defense posture. The Biden Administration and House and Senate majorities also welcomed decisions by Finland and Sweden to seek NATO membership. (Finland acceded to NATO in April 2023; to date, all NATO allies except Hungary and Turkey have given final approval to Sweden's accession.)

The United States, the EU, the UK, and other allies have cooperated extensively on imposing sanctions on Russia. The Biden Administration supports EU efforts to end its dependency on Russian energy imports and has worked to help boost liquefied natural gas shipments to the EU. Transatlantic unity on Ukraine is under pressure, however, amid strains on EU solidarity (related in part to a dispute over Ukrainian grain imports), delays in new EU and U.S. funding, and U.S. “donor fatigue” and political divisions. U.S.-European differences also could arise as policymakers begin to consider requirements for future peace negotiations or how to manage relations with Russia in the longer term.

Revitalizing U.S.-EU economic ties has been another Biden Administration priority. In 2021, the United States and the EU reached interim agreements to address disputes over civil aircraft subsidies and on U.S. steel and aluminum tariffs imposed on the EU. U.S. and EU negotiators are seeking to overcome divisions on a deal to discourage trade in high-carbon steel and aluminum, address global overcapacity, and enable a permanent solution on the tariffs. Also in 2021, the United States and the EU launched a new Trade and Technology Council (TTC), which focuses on issues such as emerging technologies, supply chain security, and digital governance. The Biden Administration views the TTC, in part, as a vehicle to work with the EU on issues posed by China and other nonmarket economies; TTC meetings also have discussed U.S.-EU export controls and other sanctions on Russia. Additionally, the Biden Administration concluded a new commercial data transfer arrangement with the EU to replace the Privacy Shield framework (which the EU’s top court invalidated in 2020 for not meeting EU data protection standards).

U.S. tax credits for the purchase of electric vehicles and other clean energy subsidies in P.L. 117-169 (commonly known as the Inflation Reduction Act of 2022, or IRA) sparked new trade frictions. The EU contended that some IRA measures could discriminate against EU firms and breach multilateral trade rules. Since March 2023, U.S. and EU officials have been negotiating a new critical minerals agreement (CMA) to facilitate EU access to certain IRA tax credits for electric vehicles. U.S.-UK CMA negotiations also have been ongoing since June 2023. Some in Congress question the Administration’s pursuit of CMAs as executive agreements without formal congressional approval. Some U.S. stakeholders and Members also voice concern that new EU digital rules could unfairly target U.S. technology firms.

Managing relations with China and addressing the Israel-Hamas conflict may test U.S.-EU relations as well. EU views on China in recent years have come to mirror more closely U.S. concerns about China’s political and economic influence. At the same time, some EU officials and national governments appear wary about U.S.-China tensions and reluctant to antagonize a major economic partner. As for Hamas’s October 2023 attacks on Israel and the ensuing conflict in the Gaza Strip, the Biden Administration and the EU have affirmed Israel’s right to defend itself “in line with international law,” but divisions among EU officials and member states exist on aspects of the conflict—including on the timing of a potential cease fire—and could complicate U.S.-EU policy coordination.

European concerns also exist about ongoing U.S. political polarization and whether the United States will remain a reliable international partner. Some European policymakers argue that Europe must be better prepared to address future challenges in Europe and beyond, and to do so on its own if necessary. For other Europeans, Russia’s war against Ukraine has reinforced the importance of the transatlantic partnership and its combined political and economic clout.

## Issues for Congress

Potential areas in transatlantic relations for deliberation in the 118<sup>th</sup> Congress include the following:

- **Russia’s War Against Ukraine.** Congress may assess U.S.-European cooperation on Ukraine, including assistance to Ukraine and the degree of U.S.-European burden sharing. Congress also may be interested in examining the conflict’s implications for transatlantic security and defense relations, energy policies, and Ukraine’s aspirations to join both NATO and the EU.
- **NATO.** NATO’s 2023 Vilnius Summit and 2022 strategic concept identified Russia as the most significant threat to allied security; emphasized NATO’s collective defense role; and addressed other challenges facing the alliance, including China, disruptive technologies, terrorism, and climate change. Congress may examine these issues as well as future U.S. goals for NATO, the U.S. force posture in Europe, and ongoing allied efforts to increase defense spending.
- **U.S.-EU Agenda.** In addition to U.S.-EU efforts on Ukraine and Russia, Congress may assess Biden Administration efforts to negotiate a CMA and to work with the EU on clean energy, digital and technology policies, and trade issues through the TTC and other initiatives. Congress also may consider how issues facing the EU—including upcoming elections, future EU reforms, and EU foreign policy and defense ambitions—could affect the U.S.-EU partnership.
- **UK Relations.** Congress may review the implications of Brexit—the UK’s 2020 withdrawal as an EU member—for U.S. relations and for the Northern Ireland peace accord. Some in Congress support a future U.S.-UK free trade agreement (FTA); the Biden Administration is engaged with the UK in CMA talks and on other trade issues but has not resumed comprehensive U.S.-UK FTA negotiations begun by the Trump Administration.
- **China.** The Biden Administration has restarted a U.S.-EU dialogue on China (initiated by the Trump Administration), launched U.S.-EU consultations on the Indo-Pacific, sought to address economic and other concerns about China through the TTC, and urged NATO to address the implications of China’s rise for transatlantic security. Congress may consider the possibilities for U.S.-European policy coordination toward China and potential obstacles.

Also see CRS Report RS21372, *The European Union: Questions and Answers*, and CRS In Focus IF10931, *U.S.-EU Trade and Economic Relations*.

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