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## **MORE AMBITION, PLEASE!**

**Toward a New Agreement between Germany  
and the United States**

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January 2021

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## Toward a New Agreement between Germany and the United States

### A New Beginning: Why and How?

The erosion of transatlantic relations is a strategic crisis for Germany. The Trump years revealed Germany's vulnerabilities and the indispensability of the alliance of Western democracies. Without this alliance, a stable and united Europe cannot be sustained, and neither can the international order be renewed.

Joe Biden's presidency offers a unique opportunity to overcome the crisis and to revive and preserve the Western alliance long past the next four years. The German government should immediately approach the incoming administration with initiatives to reach a new consensus with the United States.

A new consensus must confirm shared goals and necessary implementing measures. Germany and the United States will need to accept their responsibility for the cohesion and creative power of the community of liberal democracies. In particular, they must agree that a new consensus must be reached, especially regarding the United States role and presence in Europe and Germany, aiming to fortify the alliance well beyond the new president's term in office. Common solutions are urgently needed to combat the scourges on humanity caused by the coronavirus pandemic and global warming. This collaboration on the challenges of our time should attract a new generation and new civil society actors to the transatlantic relationship.

The moment to act is now. Germany's government needs leadership, political will, ideas, and a plan—all rooted in the country's vital interest in the United States remaining a European power.

This interest is not set only for the short term because of Germany's limited military means; even together with its European partners, it will only be able to defend itself independently of the United States in the distant future. Rather, it is rooted in Washington's often overlooked roles as a guarantor of European unity and peace.

After centuries of European wars, the most profound distrust of European states was frequently directed at their neighbors. Only the United States' presence and engagement as a European power have managed to limit geopolitical conflict on the European continent. This engagement remains a condition for European integration.

No country has benefited more from the United States' role in Europe than Germany. Because of its size, history, and economic power, the country draws more neighborly scrutiny, interest, and mistrust than any other in Europe. The United States' role as a re-insurer of Europe's stability and unity is the essential geostrategic foundation of Germany's postwar success. The United States' opening up to Europe helps guarantee that the "German question" remains closed.

President Donald Trump's tactic of exacerbating European divisions and undermining European integration violated the inner core of Germany's vital national interests. In essence, he undermined the project of European integration. Despite all appeals for European unity in response to Trump, the opposite has happened. The cracks across the continent only deepened without the United States' pacifying and unifying influence. Europe's bitter lesson from Trump's presidency is the rediscovery of its deep divisions and fragility.

That is why Germany—together with the Biden administration and with its European partners—will need to focus on redefining and reinforcing the United States' long-term role in Europe. This process will take place within a dramatically changed geopolitical environment. Germany, like all of Europe, will need to learn to live with the reality that the world's strategic center has moved to East Asia. After 500 years, the center of the world is no longer the European continent. Hence, the United States' priority will be Asia and its resources will not be directed primarily to Europe. There is no plausible scenario of a Europe's future in

which its countries—first and foremost Germany—do not have to do significantly more to ensure the continent’s security and stability.

Whatever changes the United States will make to its European posture, European countries can count on the incoming administration to stop administering such modifications in an intentionally disruptive fashion, without much strategic reasoning, and in a tone that resembles military commands. Now, Germany and Europe should develop and balance a new transatlantic set of tasks and responsibilities together with the new administration.

In the long run, the United States can only maintain its role as a global power through close cooperation with a stable, democratic, prosperous Europe capable of acting collectively. Similarly, Europe can only maintain and strengthen its collective ability when working with a transatlantic partner in place. Hence, devotion to European integration and transatlantic engagement will continue to be two sides of the same coin.

The German government could choose the easy path by assuming a wait-and-see attitude toward cooperation. It would simply wait for the new president to present ideas and plans. This attitude would at least not seem to be harmful since much of Biden’s agenda sounds as if it had been conceived in Berlin: reentering and strengthening the Paris Climate Agreement, starting arms-control initiatives, resuming negotiations with Iran, and making the defense of democracy once again a focus of foreign policy.

But a wait-and-see-attitude is simply not enough. Germany has to be active and innovative. In cooperation with its European partners, it should quickly present a package of ideas aimed at building a new German-U.S. consensus in key areas of the transatlantic future. The time window for such conversations is alarmingly small. It will take Biden months to appoint most of his essential staff members, some of whom will have to be confirmed by the Senate. Meanwhile, the German elections campaign will begin. Next year, France will hold a presidential election and the United States congressional ones. Between all of these events, openings must be found and concrete agreements finalized.

Germany’s package of ideas should include five topics important for future cooperation with the United States: climate, NATO, China, trade, and technology.

*Climate:* A political rapprochement on climate change is foreseeable and promises added value quickly—as long as it is intelligently managed. Germany and Europe should answer the United States’ aspirations with their own efforts for a new consensus. After Washington’s re-entry into the Paris Agreement, the transatlantic partners should aim for close coordination of common goals for the Climate Change Conference in Glasgow in November. Various joint initiatives should support structural change—from a European-U.S clean-energy bank to a transatlantic battery alliance.

*NATO:* The United States’ strategic focus shifting to the East Asia will lead to the redefinition of the roles and the burden shifting between it and its European allies. The transatlantic security partnership needs a new consensus: the United States’ renewed engagement with NATO must be combined with a significantly higher contribution for Europe’s defense from the other allies, especially Germany. An ambitious plan for capabilities and the necessary spending for it should be put forward.

*China:* The Archimedean point of future transatlantic relations will be China policy. Here, too, a new consensus is needed. The United States should warm to the idea that in a world of interdependence there will be no economic decoupling with China. Germany, on the other hand, will need to accept that trade with China will be subject to technological and security reservations. Together, the transatlantic partners should apply their human rights as well as regulatory principles to their China policies.

*Trade:* The German government—together with the European Commission—should urge the United States to stop blocking the Appellate Body of the World Trade Organization’s Dispute-Settlement Mechanism. In return, the EU must be willing to consider U.S. ideas concerning the reform of the

organization more fully. This new consensus will sharpen a potent instrument to enable a crackdown on China's undermining of the international trade order.

*Technology:* Europe and the United States miss their opportunity to shape the future by not cooperating enough on digital policy and new technologies. What is needed here is the protection of open societies' shared values against Chinese claims of technological leadership based on Beijing values. Therefore, the EU and the United States should quickly agree on the methods of transatlantic data exchange, develop common guidelines for handling fake news and propaganda, and align regulation on artificial intelligence.

Taken together, these measures (set out in more detail below) have the potential to update the transatlantic relationship and adapt it to the new geopolitical realities.

However, a new consensus can only be sustainable if it recognizes and considers recent developments in our countries' civil societies. Especially the young people and diverse minorities that can now collectively command a majority in the United States have formed new political movements in recent years and have gathered a political energy that will have a lasting effect on the country. Irrespective of the details of their domestic policy positions, such emancipatory movements have always been attractive to the rest of the world because, in their quest for a more perfect participatory democracy, they made the United States strong—and made it the role model that others wished to see in the United States.

Such movements—groups fighting man-made climate change, racism and sexism, and aspiring to new forms of work—do connect with Germans and Europeans, especially the younger generation. Above all, they reach far beyond and enrich the “classical” transatlantic elites that have focused on topics like trade and defense. It will be a task for German politics as well as civil society to reach out to such groups.

Approaching younger, more diverse, and less “classical” actors will update the transatlantic narrative. That will be necessary as it is no longer sufficient to tell a younger demographic about the United States' role in liberating Germany from the Nazis, its support for Germany on its path to democracy, prosperity, and unity. Those born after 1980 have a very different but no less accurate picture of the United States than their predecessors. And image of Germany for Americans has also changed—its now predominantly characterized by dwindling knowledge and waning interest.

Any new transatlantic narrative should be grounded in the idea of solidarity among democracies—aware that shared responsibility for human rights at home and globally is only realistic when governance is informed by the Enlightenment principles of individual freedom, rule of law, separation of powers, and free and fair elections. And such a system based on Western and universal political values will have to be fought for and defended against domestic and foreign adversaries time and again. It is this democratic kinship that connects citizens on both sides of the Atlantic, now and in the future.

While the plan proposed here cannot be implemented instantaneously, President Biden will need early successes too. He must demonstrate to voters that cooperation with allies yields better results than confrontations with them. Concrete and early action should allow for the vicious cycle of the past four years to be transformed into a virtuous circle.

The coronavirus pandemic and the dissatisfaction of many voters with the government's reaction to it helped Biden win the election. He must and will want to show that international cooperation is more successful in controlling and combatting the pandemic than isolationism and vaccine-nationalism. Germany's own national interest should guide it toward supporting Biden quest for international action on this front, but it needs to act fast. Immediately after the president's inauguration, Germany should launch a G7 initiative—together with the British presidency—for international cooperation in the fight against the pandemic. This should also be picked up and pursued by the Italian G20 presidency.

This initiative would be a launching pad for Germany's renewed close and daily cooperation with the United States. It will prove the usefulness of this relationship in a changed global environment.

## Coronavirus: Practicing New International Cooperation

A G7 initiative to fight the pandemic has been all but impossible because the Trump administration insisted on calling the coronavirus the “Wuhan Virus.” The dispute about the name of the disease symbolizes a deeper-seated problem. The G7 has been in a state of hibernation since the Trump administration did not consider a global coordinating body necessary or useful, especially, as President Trump explained, because the most powerful industrial countries are not represented and instead only the most significant industrial democracies.

However, Joe Biden wants to strengthen the community of values that is the West. It would be in Germany’s interest to upgrade the G7 into the most relevant consultative body of global governance in order to allow for building more international cooperation on this core of democratic nations. The United States’ symbolic return to multilateralism may allow for vaccine-nationalism to be replaced by a new appreciation of global public goods. In combatting a pandemic, supplying global public goods is not only an option, but a condition of success. Subsequently, international cooperation can lead to the coordination of related economic measures—which has been lacking so far. It is these collateral benefits that make a G7 initiative so attractive.

The most crucial goal of the G7 should be to prevent another pandemic from striking an unprepared world. That is why more countries must be won over to establish a system for the early detection and monitoring of global infections and for response, one that is comparable to the early-warning system developed after the Indian Ocean tsunami in 2004. This initiative should include enhancing the Bluetooth-based collection and A.I.-supported analysis of anonymous contact data (“corona app”) for voluntary use in G7 countries in order to understand and contain future infectious diseases.

The G7 should work toward enabling the most important industrial nations to adopt joint doctrines and protocols of action—a “pandemic playbook”. In the event of an infectious-disease outbreak, the G7 could help create a joint medical rapid-response team and advocate for the “responsibility to report” as part of a pandemic early-warning system within the World Health Organization. Collective stockpiling or at least shared information about stockpiling of essential medical protective goods and medicine should also be a goal. Here, too, coordinating with the G20 is required.

Coordination between universities, businesses, and national research institutions should also be improved to foster joint vaccine development.

Especially from the new U.S. president’s point of view, international cooperation must lead to immediate results. That is why the G7 could agree to end export bans, customs duties, non-tariff barriers to trade, and national procurement rules for medical goods and equipment parts. Joint action of this sort could lead to a new effort for improving the World Trade Organization Pharma Agreement. The Biden administration should join the COVAX vaccine platform so that vaccines, including for Covid-19, can be made accessible and affordable for all nations and a distribution network for new vaccines can be established.

The United States’ re-entry into the World Health Organization would be another vital step. This would provide an opportunity to discuss and pursue shared reform goals for the organization within the G7. A U.S. commitment to COVAX and the World Health Organization would signal that the United States again takes multilateralism seriously—and again enjoy its benefits.

## Climate: Responding to Ambition with Ambition

Effective climate protection should be central to a modern transatlantic agenda. It is an investment in the future and, at the same time, in transatlantic convergence that promises a quick return. After all, Biden has presented an ambitious agenda that links climate policy to social justice and economic rejuvenation. Germany should respond to these far-reaching plans with an ambitious climate foreign policy of its own.

By investing in green growth, the incoming administration will seek to build its international credibility. It will thus try to avoid the yo-yo effects of the past, when the United States' international partners acquiesced to compromises that took account of its sensitivities only to soon discover that these carefully crafted compromises had not been accepted by the U.S. Congress or other player in the domestic policy arena.

Yet, the signals from Washington are clear. Now, it is Germany's and Europe's turn to reciprocate by presenting their own ideas, supported by resources. The United States' return to the Paris Climate Agreement offers the opportunity to work jointly on an international regulatory framework that would include the mandatory evaluation of climate risks in the financial markets as well as investment security for renewable energies. Proceeding together will ensure that decarbonization goals can be met and withstand pressure from the Organization of the Petroleum Exporting Countries as well as energy-hungry China.

With the Green Deal and the climate-protection law that the European Parliament passed in 2020, the European Commission set goals that are mostly compatible with U.S. ideas. Both strive for climate neutrality of the entire economy by 2050.

The EU and the United States can achieve these objectives more efficiently and better contribute to an effective global climate policy if they collaborate. There are many areas in which stronger cooperation is possible and necessary.

A structured exchange on these joint policy goals can create more dependability. Relevant forums must be revitalized or created. The U.S.-EU Energy Council should be utilized for a high-level exchange on questions concerning energy infrastructure, cybersecurity in the areas of energy and climate protection, and the development of offshore wind turbines. Establishing an EU-U.S. clean-energy bank that would support such a sustainable transatlantic policy is also conceivable.

Despite the blockage by the Trump administration, useful transatlantic exchange and cooperation formats have been established on the sub-national level. These forums should be strengthened. They include the existing Transatlantic Climate Bridge as well as networks like the regional Under2Coalition, founded by the states of Baden-Württemberg and California, or the city network C40Cities.

Many climate-friendly technologies require the use of rare-earth minerals that often originate from China. To reduce geostrategic dependency, a transatlantic strategy is needed for the development of resilient supply chains and production cycles, for example, within the framework of a transatlantic battery alliance.

Green structural changes can hardly be accomplished without cooperation on research and development. Based on BioNTech and Pfizer's cooperative model for developing the corona vaccine, there are many opportunities to collaborate in supporting projects from the ideas stage to marketing. Just think of smart grids, climate-forecast systems, and AI applications in the service of climate protection.

In working with the United States, it will be essential to establish climate and human rights standards for world trade and for large international infrastructure projects. That includes a conversation about appropriate World Trade Organization rules as well as joint minimal standards for the EU's connectivity strategy and the U.S. Blue Dot initiative. Such an agreement would have strategic relevance with regard to relations with China.

As soon as a solid dialog and trust are reestablished, controversial issues can be discussed. The European Commission's announcement of a carbon border tax has caused apprehension in Washington. An important task will be to shape this central building block of Europe's Green Deal cooperatively with the United States and make it an effective instrument against climate dumping by actors less interested in climate protection.

It would send an important signal if the new U.S. administration could agree with Germany and the EU ambitious objectives for the international climate conference in Glasgow. Nationally determined contributions have to be accompanied by credible timetables. And transatlantic commitments to global

climate financing, especially for the most impoverished nations, are also needed. With these kinds of agreements, the Glasgow Climate Conference can serve climate protection and transatlantic relations.

### **NATO: Shouldering More Responsibility**

In the course of two world wars, the United States has learned that its fundamental interest in a stable Europe not being dominated by one power necessitates a military presence on the old continent. That allies are necessary to maintain the liberal international order is another enduring lesson from past decades. Hence, the security alliance continues to be the core of the transatlantic partnership. Not only can Germany and Europe hardly ensure their own defense without the U.S. security commitment in Article 5 of the North Atlantic Treaty. It is Russia's conflictual strategy and growing military potential that require U.S. balancing.

The past years' crisis grew mainly from doubts about whether the core strategic assumptions concerning the nature and value of the security partnership were still shared on both sides of the Atlantic. These doubts were not only nourished by the harsh rhetoric and the solo efforts of the U.S. president but also by German neglect and failures: the lack of reliability (moving away from the 2 percent promise), the lack of strategic coherence (the Nord Stream 2 project), and the lack of initiative (stabilizing the Mediterranean region).

Germany now has the opportunity—together with President Biden and the other NATO allies—to fortify and future-proof NATO as the most important institution of the transatlantic partnership. An ambitious new consensus is needed. It should say: The European NATO countries—first and foremost Germany—increase their conventional defense capacity considerably. As a result, they shift the burden from the United States in Europe, make it easier for Washington to concentrate on the Indo-Pacific, and protect the interests of liberal democracies there. In return, the United States affirms its commitment to defend allied territory and substantiates this commitment through its nuclear guarantee and permanent military presence in Europe.

An essential recognition must underlie this new consensus: Strengthened and unified European allies serve the transatlantic alliance's overall interest. It also means that Europe and its institutions must become more potent. As a partner of the United States and a central pillar of the transatlantic community, Europe must be capable of acting. It is not a matter of getting rid of the United States (something that seems to be implied in some interpretations of "European sovereignty" and "strategic autonomy") but quite the opposite. It is fundamentally a matter of keeping it in Europe—and keeping all the advantages this brings for political stability and equilibrium of the continent, not least for Germany.

Such a new consensus will require Germany to take on a critical role. Allies, partners, and adversaries look to it based on its size and power. Therefore, it is Germany that will need to muster the political will to increase the conventional capabilities of NATO in Europe. Germany must deliver on the agreed NATO force goals and, in fact, move the timeline up. This requires further substantial increases in the defense budget, the modernization of the procurement processes, and increased dependability of procurement cooperation within NATO. Above all, it requires consensus in the German government that a readily deployable military is of the highest priority. A deployable military gives weight to diplomacy, adds an indispensable contribution to transatlantic credibility, strengthens the deterrence capability of NATO, and consequently defends the freedom of German citizens.

Germany must continue to be included in NATO nuclear-sharing arrangements. To this end, it will need to carry out necessary modernization steps. The U.S. nuclear shield is essential to all non-nuclear NATO countries in Europe. It should exist for as long as nuclear weapons exist and the nuclear threat looms. Nuclear sharing is the expression of a remarkable degree of solidarity within the alliance because it symbolizes the willingness to share risks and burdens between allies. NATO's nuclear-sharing arrangement is a core element of the strategic connection between transatlantic partners, which the new consensus would underscore.

Beyond significantly upgrading military capabilities, increased political will is needed to ensure that Germany is ready to shoulder an equivalent and just part of the overall burden, especially on the periphery of

the EU and NATO. From the far North, across the Baltic Sea and Ukraine, the Western Balkans, and the Caucasus to the Mediterranean and the Middle East and North Africa—crises and even military conflicts are all around. These could be addressed and eased or even prevented through greater engagement and better political collaboration within the alliance. More German creativity and a more substantial commitment to lead would not only lighten the weight on the United States but make Europe more secure. There is room for improvement when it comes to the coordination of the instruments of the EU, NATO, and individual member states.

To increase the alliance's utility for all member states, Germany should remind itself and others that NATO is not just a military but also a political alliance. Two proposals from the NATO 2030 reflection group (co-chaired by Thomas de Maizière and Wess Mitchell) deserve to be highlighted. First, Germany should support the NATO secretary general in updating the 2010 Strategic Concept, in which Russia is merely a partner and China is not mentioned at all. Second, the North Atlantic Council should become the actual center of political and strategic debates among the transatlantic partners—discussions concerning all regional and global developments related to the collective security of member states. Instead of omitting difficult topics or squelching them in diplomatic rituals, the North Atlantic Council should seek an open, possibly informal, exchange concerning all security-related questions. This is the way to forge a consensus that allies see as relevant and will defend politically at home.

Germany should encourage NATO to intensify its partnerships with liberal democracies worldwide, especially in the Indo-Pacific. Instead of a rather passive offer, it needs tailored, proactive programs to bring strategic partners like Australia, Japan, and South Korea closer to the West's core. With these measures, too, utility and reciprocity—rather than a trite declaration of friendship—are sought.

For too long, too many in Germany have understood NATO to be a U.S. institution. Germans should realize this: NATO is their NATO, the alliance of all member states. It is in Germany's hands—more than in any other European nation's—to shape the alliance through initiatives and substantial participation so that it continues to be the core of the West and continues to provide answers to Europe's security challenges.

### **China: A Challenge Best Addressed Jointly**

China policy is the Archimedean point of future transatlantic relations. Whether the United States judges its European allies as useful and reliable will depend on the continent's stance vis-à-vis China. The United States' engagement and goodwill on a range of unrelated transatlantic policy issues will be seen through the prism of Europe's willingness to cooperate on China policy.

From a German perspective, the U.S. focus on China may seem exaggerated, even excessive. Yet the logic of great-power relations suggests it is imperative. The United States, which has been in relative decline for a number of years, views China as a strategic challenger and does so on a bipartisan basis. From an economic perspective, but increasingly also from a military and political one, China is gaining international influence—at the expense of the United States and the West. This competition is grounded in an ideological and systemic competition, which is why allies are always seen as valuable to the United States when they take an unequivocal position.

The question for Germany as well as for all of Europe is whether European interests vis-à-vis China fully align with U.S. interests? And if that were not the case across the board, how should differences be assessed and managed given the unquestioned relevance of the alliance itself?

Against this background, a reevaluation of China policy is currently underway in Germany and all of Europe. The time when China was regarded merely as a lucrative market and a trading partner is over. Also gone is the assumption that China's rise will lead to a new middle class that will quickly push for political liberalization. Instead, a more comprehensive view of China seems to take root. More and more, China's challenge to the West and the liberal order is emphasized.

These challenges can be summed up in a few key phrases: a lack of fairness and rule acceptance in economic and trade relations, increasingly closer cooperation with Russia, the threat to trade routes in the Indo-Pacific, the warning to annex Taiwan by force, legally questionable expansionism in the South and East China Seas, undermining the EU's unity by pursuing a politically motivated investment strategy in Southern and Eastern Europe, engaging in dubious relationships with creditors in Africa and Latin America, and committing a great many human rights violations in the territory of the Uighur minority as well as in Hong Kong and Tibet.

Germany's re-evaluation of China leads to a convergence with the mainstream U.S. view of China. Simultaneously, it is likely that the U.S. policy toward China will correspond with German views as Joe Biden bids farewell to Trump's conflict-laden strategy of pursuing economic decoupling of U.S. and Chinese economies. Should Biden seek a relatively open trade relationship with China, limiting caveats to advanced technologies and security-relevant products, it should be much easier for the transatlantic partners to act largely in unison vis-à-vis China.

To use and direct this process politically, the German government should aim to upgrade the European-U.S. forum on China policy. The goal of this forum should be to coordinate transatlantic partners China policy where possible. Of particular significance are intellectual property rights, investment protection, the balance of trade flows, and the enforcement of global standards and norms. In future, the United States and Europe should scrutinize compacts like the EU-China Comprehensive Agreement on Investment in advance to consider their geopolitical relevance and impact, including from a Chinese perspective and with regard to their potential impact on the transatlantic relationship. To lend weight to this forum, high-ranking leadership is necessary; for example, by a vice president of the European Commission and the new U.S. vice president.

It is particularly urgent to identify security-relevant technologies and to come up with more stringent guidelines for interaction with Chinese buyers, investors, and suppliers. The German government will need to use a wide-angle lens here to broaden the view and to consider aspects beyond business and technology—crucially security, defense, and alliance policy. Germany should propose criteria for defining “security-relevant” and for protecting such technologies from the wants of authoritarian regimes, among them China. Moreover, the process for setting international standards and norms cannot increasingly be entrusted to China.

Together, Germany and the United States should make reciprocity the guiding principle of relations with China. It is no longer acceptable that China utilizes the perks of international rules and agreements without being penalized for violating these. Reluctance—be it out of fear of retaliation or in hopes for leniency from China in future—is no longer suitable. It is dangerous.

Whether the issue is market access, the protection of intellectual property, or the treatment of journalists and non-profit organizations, wherever China does not act in a manner it expects from others, the transatlantic partners should take concerted countermeasures. They will have to pay a price for such robust behavior, but it will be relatively small compared to the price an increasingly assertive China will demand when it no longer accepts any international rules.

China's challenge to the West is not only about power; it is, first and foremost, about ideology. Even as Germany, Europe, and the United States struggle to live up to their norms and ideals, the liberal democracies need not be timid: open societies, characterized by freedom, democracy, and separation of powers, remain a successful model with formidable attraction—as long as they strive to appeal to their better angels.

For that reason, Germany should strengthen its relations with Taiwan. And it should not be shy about criticizing massive human rights violations; for example, in Hong Kong. When confronted with such fundamental issues, treading lightly is not pragmatic wisdom but rather water running in the mill of authoritarians who consider the West weak, hollow, and duplicitous. Above all, a false restraint misjudges the source of strength that direct support bestows on those fighting for their freedom.

Germany must also intensify its relations with like-minded democracies like Australia, Japan, and South Korea; the best way to do so would be, as suggested above, through NATO's modernized partnership program.

China challenges Germany like no other country. It is concomitantly a trading partner, an economic competitor, and a systemic rival. China plays the long game; naivety gets punished. In relations with China, the United States and Europe, especially Germany, can amplify each other's power. But this can only work when transatlantic alignment is purposefully sought.

Therefore, a new consensus between the United States and Germany is needed. It is based on the understanding that transatlantic China policy will need to cover a wide array of joint interests: security policy and human rights, international law, and trade. The West need not be more confrontational than necessary, but decisive enough to ensure a future in prosperity and self-rule—not against but with China.

### **Trade: Getting Past the Deadlock**

Over the past four years, trade policy has turned into a transatlantic graveyard. Given that President Trump categorized the European Union as a foe on trade, levied punitive tariffs on steel and aluminum, and issued threats of special duties on European cars, the situation can only improve. And it will certainly improve with a U.S. president who appreciates Europe, respects international organizations and rules, and wants to repair the United States' reputation in the world.

But lowering the temperature after a heated argument, normalizing conduct, and bidding farewell to the excesses of Trump's term in office cannot be sufficient goals for a new beginning. A significantly higher level of ambition in trade policy (as in many other policy fields) is needed.

That is easier said than done since the United States and the European Union (which is responsible for trade policy instead of national governments) have a long history of disputes that have little to do with Trump. The sixteen-year-old conflict over subsidies for Boeing and Airbus is but one such dispute. That is why trade policy needs an ambitious plan. This plan needs to be nuanced and targeted enough to avoid domestic pushback on either side of the Atlantic.

Major foreign trade agreements are not at the top of Biden's agenda. On the contrary, they seem remote for at least the first two years of his presidency. And he is not immune to the protectionist temptation, as his proposals for the protection of international supply chains and public procurement demonstrate. In fact, Biden seeks to bring manufacturing back to the United States, a strategy that failed under Trump.

Adopting a failed policy from a predecessor suggests that there is significant domestic pressure to do so. The pressure is indeed real: Biden won the presidential election not least because he took three Rust Belt states away from Trump's column. He managed to do so, among other factors, because he adopted Trump's protectionist tone instead of betting on a strategy of improving education, infrastructure, and overall competitiveness from which the manufacturing sector would benefit. He yielded to the pressures from some unions and the progressive wing of his party.

It makes little sense, therefore, to restart the project of a Transatlantic Trade and Investment Partnership. Such an attempt is bound to fail at present because the differences of opinion that caused the project's failure during President Obama's term have only increased, especially regarding EU agriculture and food standards. There is also concern that Germany's political elite will once again lack the energy and leadership to campaign effectively for a significant trade agreement. A repeated failure would do new damage, which would be worse than not trying. But bidding farewell to an unfinished project does not mean bidding farewell to political ambition for a trade policy; it only means new paths have to be discovered. EU-U.S. agreements for industrial sectors would be such a path.

Biden spent his political life in the Senate forging compromises and may be ready to find a new equilibrium on trade relations. Trump's customs duties on steel and aluminum were based on the idiosyncratic notion that imports from allied countries posed a threat to the United States' national security. These duties are not compatible with Biden's goal to repair alliances. Similarly, threatening punitive tariffs on cars has never been popular with Democrats.

Biden will likely view trade policy through the prism of the political and technological rivalry with China, and he will evaluate multilateral cooperation accordingly. Therefore, the European Union (including Germany) may be in a good position to partner with the United States to reform the World Trade Organization (WTO). Much stands to be gained if the United States were willing to give up its blockade against the appointment of new members to the appellate body of the organization's dispute-settlement mechanism. In doing so, the appellate body, which is currently paralyzed, would consist of the required number of arbiters and would once again be capable of acting.

In return, the European Union would have to continue to open up to U.S. reform ideas, a process that has already started during the Trump administration. The dispute-settlement procedure needs tighter deadlines for its rulings and stricter conditions for appeals proceedings in order to shorten the unacceptably long duration of proceedings. The position and power of the WTO director general could be strengthened. Based on the example of the most recent Japanese-U.S.-EU proposal to tighten the rules for industrial subsidies, additional plurilateral agreements between like-minded nations could be aimed for to prevent market distortions. Such agreements would have to address and change the rules for state-owned enterprises, technology transfer, intellectual property, and digital trade.

Making the appellate body functional again will be a precondition for a more robust and more decisive course of action against China's systematic and continued violations of WTO rules. Holding China accountable and committed to the agreements it signed could become a core aspect of cooperation between the United States and the European Union. It could lead to a comprehensive WTO complaint or several smaller ones against China. This course of action was proposed during the Trump presidency, but never signed off on.

The more the United States opens up to a rules-based response to Chinese rule violations, the more the German government, as a member of the EU, should become receptive to U.S. security concerns regarding advanced technology and critical infrastructure. That would also serve Germany's national security interest. The dispute surrounding Huawei as a supplier of 5G networks in various European countries is only the first of several conversations about the appropriate balance between security and free trade.

Europe and the United States must be sure to avoid undermining multilateral agreements by way of bilateral disagreements. This could happen if Europe—for example, in the name of “strategic autonomy”—entertains protectionist interventions. Already, the European Union is considering new rules on data flow, on taxation of digital services, and on climate border adjustments, all of which could create tensions with any U.S. administration.

Limiting tensions is a worthy but not sufficient goal. A positive agenda is needed. In lieu of a comprehensive trade agreement, plurilateral sectoral agreements present opportunities; for example, on environmental goods or e-commerce. Cooperation on technology issues, as well as on standard-setting for new technologies, should be bilateral. A Transatlantic Technology Council would be a good start. Establishing rules to control the export of new technologies would also be a promising topic for negotiations.

The European Union, supported by Germany, should raise sanctions issues with the United States by citing the U.S. Office of Foreign Asset Control as a model to create a European sanctions agency. Sanctions will permanently belong to the toolkit of coercive economic action. The world's major actors especially feel comfortable using these instruments, as various European countries experienced when they were exposed to Chinese and U.S. extraterritorial sanctions in recent years. Currently, the EU has neither the means to

respond nor the ability to deter such activities. But the conversation about acquiring such means has started recently in various European capitals. A consensus about the desirable tools has not been reached yet.

A European sanctions agency would benefit transatlantic relations and strengthen mutual respect. The United States would no longer have to be concerned about European susceptibility to outside economic pressure.

The trade agenda with the Biden administration should be ambitious; it needs nuance and smart agenda choices. With skillful sequencing, the current deadlock can be overcome. Such an outcome requires a proactive German approach within the European Union.

### **Technology and Digital Policy: Setting Joint Standards**

The rapidly advancing digital transformation is geopolitically significant. Whoever leads technologically and sets the rules of digital communication gets to decide about the competitiveness of industrial sectors, the resilience of societies, and the protection of individual rights.

In this area, Germany and the United States fall far short of exhausting all options to cooperate. Instead, national or Eurocentric perspectives dominate the debate. As a consequence, everybody loses because both sides face the same challenges—from transatlantic data traffic to IT business regulation to 5G infrastructure. The same is true for artificial intelligence, robotics, and digital platform economics as well as topics like “fake news,” vote-rigging, and other digital security threats by authoritarian regimes and extremist actors.

Close transatlantic cooperation on all these topics is possible and beneficial, starting with best practice exchanges. European-U.S. competition and digital demarcation weakens both sides. China benefits. Yes, the United States and Germany have some different economic interests and their approaches to data protection and the private sphere also differ. But both sides should try harder to find compromise. Given China’s resolve to achieve technological dominance, the players within the transatlantic space—still the largest economic region in the world—must urgently come together to avoid being pushed around by outside actors.

When shaping and regulating conditions for digital business, the goal is not simply a competitive advantage; it is just as much the economic, political, and social participation of citizens and the protection of fundamental rights. When it comes to access and rights, Germany, Europe, and the United States are natural partners; the transatlantic technological partnership rests on its shared values. With an eye towards China, it is imperative to maintain and nourish these values.

In concrete terms, Germany must press the European Commission to agree on new regulation for transatlantic data exchange with the United States immediately. Ever since the “privacy shield” agreement fell foul of the European Court of Justice, legal uncertainty prevails, to the detriment of the pandemic-stricken transatlantic economy.

New rules for the exchange and storage of data are needed in order to strengthen the rights of the individual. This should be a transatlantic, not just a European project in order to avoid that European sovereignty leads to European data protectionism. Such an outcome would run counter to the idea of a free and open internet, which is worth preserving given increasing tendencies toward fragmentation of the internet. European data regionalism would hurt individual users just as much as the economy as a whole.

Germany and the United States should develop guidelines on handling propaganda and disinformation that is currently disseminated digitally on a vast scale and has developed into a means of democratic erosion. Unsurprisingly, social media companies feel overwhelmed by the task of preventing incitement. Sometimes their tasks border on the responsibilities of public administration. A framework based on democratic values is needed. Regulators on both sides of the Atlantic should persuade social media firms to be more transparent regarding their content-management practices and managing inappropriate content. Such frameworks should be coordinated across the Atlantic to be more effective.

Further development and regulation of artificial intelligence will be a key challenge at the intersection of economy, technology, and fundamental rights. Germany should work more closely with the United States' relevant authorities to create "trustworthy AI." That is impossible to do with an authoritarian country like China. Trustworthiness can only be established when the transatlantic partners join forces with other like-minded nations to set uniform standards and norms to be certified uniformly. Such an alignment would prevent discriminating against specific users as well as violating individual rights—another example of how useful the transatlantic partnership can become.

Because the network infrastructure is so significant for how we will live in future, firms like Huawei, with its blurry boundary between corporate decision making and the authoritarian state's dictate, must be kept away from the lifelines of free societies. Such a decision is in the interest of democratic nations.

### **Making Transatlantic Relations Last**

Nice words and gestures will not suffice if the transatlantic partnership is to last. It needs structural reform rather than patchwork solutions. It will have to be rebuilt from the ground up so that it can provide future generations of Germans, Europeans, and Americans with as much security and personal fulfillment as past generations.

It irritates to see an argument gaining ground in Germany according to which the difference between the old and the new president is primarily rooted in style and tone. The imperatives of international politics, the constraints of domestic politics in the United States, and U.S. expectations of Germany are supposed to be comparable in the Trump and Biden administrations. Nothing is going to be what it once was. Joe Biden is said to be like Donald Trump, only more friendly and with better manners.

Whoever accepts this proposition will argue in favor of German passivity. But the hypothesis is incorrect. The president most critical of NATO over the past decades leaves office only to be replaced a president with an affinity to NATO. An isolationist is followed by an internationalist; a bilateralist by a multilateral institutionalist; a climate skeptic by a climate activist; one who understands allies to be freeloaders by one who sees them as power boosters; an anti-democrat by a defender of representative democracy; a president who wants to destroy the liberal world order by one who wants to preserve it while applying a smaller U.S. footprint.

These are starkly different worldviews. Whoever argues for cooperation with the United States will no longer support the transatlantic relationship "despite everything," but with a sense of joint purpose.

The proposed renewal must be for the long term. This paper addresses how that is achievable and especially what it needed from Germany. In the end, it does not come down only to this or that measure. What counts is their cumulative effect. New initiative should be designed with an eye toward bipartisan support. That way, they will be difficult to reverse and thus durable.

Of course, there is no panacea that will make the German-U.S. alliance everlasting. Trump has shown how fragile such a relationship can become when exposed to the forces of destruction. But barriers to destruction can effectively be raised, especially if the added value of a partnership is tangible. Its utility must be practical, economical, scientific, security-enhancing, value-preserving, and palpable in citizens' daily lives.

To this end, Germany's transatlantic initiatives should be inviting and inclusive. The connection with the United States' opposition party should be improved and their support for transatlantic projects be sought in parliament. In order to gain opposition support, a transatlantic agenda should rather be designed more narrowly, but lastingly.

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**Something is at Stake: Act Now, Please!**

A lack of ambition is the worst enemy of this new transatlantic beginning. In Germany, this danger comes from de-familiarization. Dealings with President Trump were simple in a way: One had no reason to be proactive and did not respond in detail to certain U.S. rumblings. And the German public would have opposed any deeper cooperation with President Trump.

But the problem runs deeper. President Obama mocked European as free riders who expected much but preferred to contribute too little too late. This seemingly clever attitude is shortsighted; German decision-makers have held on to it for too long.

Now, the transatlantic partnership has eroded. It has to consist of more than a security guarantee—and even this guarantee is tarnished. In future, this relationship will need to seek broad based support, on many levels of society.

This spirit can only emerge through deeds, not through incantation. It needs action, joint projects that prove their value by making citizens on both sides of the Atlantic more secure, more prosperous, and more self-determined. Some of these projects are proposed in this paper.

Results cannot be achieved without effort. Transatlantic relations will not be improved simply by swearing in Joe Biden. Creativity and engagement are needed on the German side. For a new consensus to take hold, politicians will need the strength to dispense with cherished benefits and conveniences. Only under these preconditions will it be possible to renew and future-proof a relationship that has allowed Germany to prosper and live in peace for decades

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