



German-American Trade | Tech Conference

A Multi-Stakeholder Exchange Forum

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Conference
Report 

Aspen Institute  Germany



Key Takeaways

1. Intensifying global trade and lowering or abolishing existing trade barriers is indispensable for economic growth and economic well-being as well as a key in fighting climate change.

Over decades, trade has contributed to economic growth, prosperity, poverty reduction, and job creation worldwide. In a geopolitical environment, which is increasingly characterized by decoupling, block-building, and the weaponization of trade, a concerted push towards open, rules-based and equitable trade is more important than ever. International trade is not a liability, but an asset. It is necessary to effectively address some of today's most pressing global challenges such as the climate crisis. As such, lowering barriers to trade for environmental goods and technology products would improve access to them and reduce prices, thus helping the fight against climate change. Lowering trade barriers on pharmaceutical and medical products would contribute to improving global health and standards of living. Trade does not, however, automatically have a positive impact on economic growth, poverty reduction, health, and the environment. It requires the right framework conditions nationally and internationally.

2. Strong transatlantic relations are vital for both Germany and the United States. Both partners share key values and interests.

While the trauma of the Trump presidency has not wholly subsided and recent events revolving around the Inflation Reduction Act (IRA) and its impact on transatlantic relations still put stress on the partnership, Germany and the United States are connected through a centuries-long common history and share many interests and values – respect for human dignity, freedom, democracy, equality, the rule of law, and respect for human rights. The United States was the most important trading partner for Germany and the European Union in 2021. German companies are the third-largest foreign employers in the United States, providing approximately 885,000 jobs. The partnership had suffered some setbacks, but its foundations remain strong, and policymakers and citizens on both sides of the Atlantic have a vested interest in the alliance. Remembering these shared roots will be key for the partnership in going forward and meeting the geopolitical challenges of the 21st century head on.

3. Transatlantic cooperation does not always come automatically. It requires trust and understanding as well as an institutional framework which fosters both.

Like any other relationship, the transatlantic partnership requires trust, mutual understanding, and goodwill to work. Finding common ground will be easier if the transatlantic partners can agree on a shared language, open communication, and an institutional



framework. Recent initiatives such as the EU-U.S. Trade and Technology Council between the United States and the European Union are an important step in the right direction. Since its first meeting in 2021, the TTC has evolved into a systematic partnership for technology and trade policy. The TTC also played a pivotal role in aligning U.S. and EU sanctions and export controls vis-à-vis Russia to counter Russia's war against Ukraine. The cooperation has been and continues to be particularly urgent as different approaches to digital taxation, competition policy, new technologies, and other issues threaten to divide the transatlantic partners. While cooperation under the TTC will sometimes be challenging, the risks of non-cooperation in an increasingly hostile geo-economic environment are high.

4. Trade and technology can no longer be seen as purely economic categories. Both trade and tech play a key role for national security.

Russia's systematic usage of Western dual-use technology in its invasion of Ukraine underlines that any sound security policy has to involve oversight and controls of the export of technologies. China's increasingly aggressive stance internationally and its authoritarian trends domestically, underline the interlinkage between trade, investment, and security. As a consequence, the United States, the EU, and Germany have tightened investment screening and export controls over the last years, more assertively restricting foreign investment in critical infrastructure and production. Effectively controlling the flow of knowledge and technologies, and being able to deny access, will be a critical safeguard in the coming years. At the same time, transatlantic cooperation is indispensable to prevent the emergence of new barriers to trade as well as technology leakages.

5. Trade can become a vulnerability if countries overly rely on individual suppliers of critical inputs and products – especially if these suppliers are located in autocratic countries.

On February 27, 2022, shortly after the start of the Russian war of aggression on Ukraine, German Chancellor Olaf Scholz announced a turning point in German foreign, economic, energy and defense policy – a “Zeitenwende”. Since then, “Zeitenwende” has become the defining paradigm of German policy. By diversifying economic relations, securing energy resources, and bolstering defense capabilities, Scholz seeks to strengthen Germany. Especially the supply chain disruptions in the wake of Russia's war against Ukraine and Germany's high energy dependence on Russia have led to a new awareness of dependencies and vulnerabilities. The intensifying geopolitical competition between China and the United States, China's ambitions for power externally, as well as authoritarian trends, growing political repression and human rights violations at home are calling into question the mantra of “change through trade” that is deeply anchored in German foreign trade policy. Trade has a positive impact on economic growth, prosperity, and jobs. At the same time, overdependence on individual suppliers or mar-



kets – particularly in autocratic regimes – comes with great risks to businesses and societies as a whole. Full economic decoupling is neither desirable nor achievable. However, to ensure stability and security, businesses and governments share the responsibility to diversify supply and sales markets, create redundancies in value chains, build up stock-piles, invest in research and development, and form new partnerships.

6. The security of supply chains is a key responsibility and an opportunity for both private corporations and national governments on both sides of the Atlantic.

Both the recent pandemic and the resulting collapse of international trade as well as the Russian invasion of Ukraine challenged existing systems of supply chains and exposed severe risks. Going forward, the security and sustainability of supply chains will be as important as their economic viability. Ensuring Western sovereignty and political independence from potential malignant actors on the world stage means shoring up the supply of critical goods. Achieving this comprehensive transformation will require the cooperation of the public and private sector, challenging them to find new, unorthodox, and flexible solutions.

7. Rules-based trade and free flow of goods, services, and investment are vital to economic growth and the mitigation of climate change. However, the World Trade Organization (WTO) is increasingly undermined.

For decades, the World Trade Organization (WTO) has ensured open and rules-based trade, contributing to the spread of economic growth, jobs, and wealth across the globe, lifting billions of people out of poverty. However, the multilateral trading order is under severe pressure. For decades – with the exemption of the Trade Facilitation Agreement and a few other accords – WTO members have failed to agree on ambitious multilateral trade agreements. In consequence, the rules of the multilateral trade organization do not reflect the realities of 21st century trade anymore. The last Ministerial Conference achieved breakthroughs in important areas such as intellectual property rights waivers for Covid-19 vaccines and fishery subsidies. However, no progress was made regarding the dispute settlement process. In 2019, the appellate body had broken down as the United States blocked new appointments to this second instance of the dispute settlement process. With geopolitical tensions and a great power competition on the rise, reforming the WTO is becoming less and less likely. The best way forward seems to be the pluri-lateral initiatives such as those on digital trade and environmental issues. The transatlantic partners have to work towards a meaningful reform, to make the WTO more fit-for-purpose and effective again.



8. Digitalization presents both a unique challenge and an opportunity for modern democracies. Effectively utilizing the potential of the digital world, while simultaneously containing its threats will be a key issue.

Digital technologies have great potential to strengthen democracies and democratic processes. At the same time, the spread of disinformation as well as digital echo chambers lead to a radicalization of opinions and limit diverse discourse. When it comes to the question of what rules should apply to digital technologies, transatlantic democratic values and norms are diametrically opposed to those of authoritarian regimes such as Russia and China. U.S. President Joe Biden is therefore advocating for an alliance of tech democracies to stand united against China's authoritarian digital policy. Nevertheless, the transatlantic partners are by no means always united in their approach: The EU's aspirations to sovereignty and divergent views on platform regulation, competition policy, and data protection are straining the transatlantic relationship. One of the key tasks facing modern democracies and civil societies will be to figure out ways to rein in the worst excesses of the digital sphere, while simultaneously harnessing its enormous potential.

9. Cyber security defies established categories and modes of thinking regarding security issues. A *Zeitenwende*, a radical rethinking of how to define and provide for security, is needed.

Following Russia's invasion of Ukraine in early 2022, coordinated cyberattacks have been on the rise. In light of the invasion, it has become clear that geopolitics and cyber-security are inextricably linked. State-sponsored hackers have targeted critical infrastructure, disrupted democratic systems with disinformation campaigns, held information hostage, and stolen personal data, proprietary information, and state secrets. International governance of these actions has not kept pace, and the risks to international stability are further intensified by the rapid emergence of technologies that could change the strategic landscape, such as artificial intelligence and quantum computing. These global challenges cannot be adequately addressed from the perspective of a single nation-state or actor. It is, therefore, crucial that Germany, the United States, and other democratic countries and critical actors join forces to learn from each other and jointly develop intelligent and pragmatic solutions.

10. Dealing with autocratic regimes and the subsequent restructuring of geopolitics requires a new, holistic formulation of policies and forces policy-makers to deal with new ambiguities and challenges.

The relationship of the "West" with China is ambiguous. On one hand, the conflict between the "West" and China is much more than a trade dispute: It is a contest between different economic and political systems: China's hybrid economic model with a strong



influence of the state versus the free-market and democratic principles of the West. This drives the United States and the EU to divest from China and diversify their trade and investment relations. On the other hand, today's global challenges such as climate change and health crises cannot be effectively addressed without China. Furthermore, China is an indispensable market, as a location for production, as a source for inputs, but also as a sales market. Achieving a sustainable *modus vivendi* with China requires a full-on restructuring of Western foreign policy and the willingness to embrace holistic measures.





German-American Trade and Tech Conference





The Conference in Detail

Day 1

Welcome Remarks from Hosting Partners

The conference was opened by Dr. Stormy-Annika Mildner, Executive Director of the Aspen Institute Germany, and Dr. Danyal Bayaz, Minister of Finance of Baden-Württemberg. Both speakers stressed the interconnectedness of technology and trade and how crucial these fields were for the further development of the transatlantic alliance.

“Transatlantic cooperation is back.” – Dr. Danyal Bayaz

In light of the challenges the United States, the European Union, and Germany currently face, and will most likely continue to face, both speakers underlined that the strengthening of transatlantic ties was more important than ever. The transatlantic partners had to think outside of the box and establish channels to tackle problems such as the energy crisis and threatened supply chains. In his address, Dr. Bayaz highlighted the enormous urgency of rethinking many aspects of Germany’s economic growth model. Referencing the ongoing war in Ukraine, China’s zero-COVID policy and recurring supply chain interruptions, Dr. Bayaz pointed out the areas in which new policies were necessary and highlighted Germany’s current economic dependence on possibly aggressive autocracies.

“Besides relying on a broader set of partners, we would like to strengthen ties with trusted allies.” – Dr. Danyal Bayaz

He expressed optimism that Germany was capable of implementing the necessary changes. For example, he pointed at the decisive action taken to secure Germany’s energy security via the fast-track permitting and construction of

the LNG-terminal in Wilhelmshaven and the successful expansion of renewable energy sources.

“Transatlantic partnership does not always come naturally; we have to work for it. And this is worth it.” – Dr. Stormy-Annika Mildner

Dr. Mildner stressed that the conference’s title: “Stronger Together: Towards a Transatlantic Trade and Tech Alliance” not only pointed to the importance of a revitalized alliance but also to the enormous benefits which intensified cooperation entailed. In a geopolitical setting characterized by systemic competition, rising tensions, and even outright armed conflict, partnership remained a principle worth fighting for. Key initiatives such as the Inflation Reduction Act (IRA) had epitomized both the potential for groundbreaking policies and the contested nature of transatlantic relations. Partnership did not always come automatically, but rather, the transatlantic partners had to work for it. Dr. Bayaz echoed this sentiment by acknowledging that the transatlantic relationship was in “stormy waters”, but also stressed that “good friendships can handle disagreements”.

“We are facing a multitude of simultaneous crises, but trade and technology can help us tackle these challenges.” – Dr. Stormy-Annika Mildner

To set the scene for the conference, the participants were asked to take part in a poll. These polls painted an overall optimistic picture of the transatlantic relationship, but also pointed to some of the challenges which must be resolved to enable the United States, Germany, and the EU to thrive in a new geopolitical environment and fully capitalize on existing opportunities. Finding new avenues for this cooperation stood at the heart of the German-American Trade and Tech Dialogue, which the Aspen Institute Germany launched in fall 2022. Dr.



Mildner thanked the conference's Co-Hosts, the Heinz and Heide Dürr Stiftung, the Landesvertretung Baden-Württemberg, as well as its Distinguished Partners, the Embassy of the United States of America in Berlin and Bosch. Furthermore, Dr. Mildner expressed her gratitude to the conference's Main Partners, Aurubis, the Heinrich Böll Foundation, UPS, Google, the Friedrich Naumann Foundation, and

the Partners, the German Institute for Standardization (DIN), the Association of the German Trade Fair Industry (AUMA), IBM and Bayer. Lastly, she valued the support of Aspen Digital and Berlin Dialogue as Institutional Partners and of Internationale Politik Quarterly, Tagesspiegel Background Cybersecurity, and Politico as Media Partners.

"Good friendships can handle disagreements." –
Dr. Danyal Bayaz



Opening Keynote by Woodward Clark Price

The introductory remarks were followed by a keynote address delivered by Woodward Clark Price, U.S. Deputy Chief of Mission Germany. Stressing the beginning of a new era, a "Zeitenwende", with challenges of a global nature, Mr. Price highlighted the strength of U.S.-German ties. At the same time, he urged cooperation to be intensified in the fields of technology, the rule of law, and democracy. By drawing a direct line between technological and economic security, Mr. Price not only acknowledged the interconnectedness of both, but also made a strong appeal for transatlantic cooperation to secure future prosperity in a new geopolitical environment. In the face of increased aggression by rivals and their growing willingness to enlist illicit means to further goals and acquire sensitive technologies, Mr. Price argued that further alignment was needed to ensure the sa-

fety and prosperity of the transatlantic partnership. He asked: "What does our partnership our alliance mean?" He then explained: "That we always agree about everything? No, but it does mean that when we have disagreement, we have a dialogue."

"We must make sure that emerging technologies work for, and not against our democratic values and security." – **Woodward Clark Price**

Highlighting the importance of innovative coordination bodies, such as the Trade and Technology Council (TTC), Mr. Price made the case for better and deeper cooperation. He also reaffirmed the commitment of the United States to uphold a rules-based international order and to continue to champion the cause of human rights on the international stage. The Deputy Chief of Mission highlighted the importance of working together to pursue policies reflective of shared transatlantic values



in the face of Russia's unprovoked invasion of Ukraine, the deliberate weaponization of energy by the Kremlin, and China's increasingly coercive trade policies.

"A modern industrial and innovation strategy must take into account the basic fact that technological security is economic security." –

Woodward Clark Price

Kickstarting a dialogue about the role of trade and technology in an environment of international and domestic instability stood at the heart of Mr. Clark's speech. He impressed upon the audience the transformative role these issues would play in the coming years.

Regarding the U.S. Inflation Reduction Act (IRA), Mr. Clark lauded the law as a blueprint for a forward-looking, modern industrial policy. Acknowledging the criticism which the EU and Germany leveled against the IRA, Mr. Clark stressed the efforts of the Biden administration to initiate a constructive dialogue between the partners about the legislation's impact.

While he recognized the enormity of the task before the United States and the EU, Mr. Clark also steadfastly reaffirmed his belief in the ability of the transatlantic alliance to jointly master these challenges. As he succinctly put it: "When we argue, we make news headlines. When we work together, we make history."



Spotlight Talk: "The Brussels Effect in 2023: How Should the EU and the United States Regulate Technology?"

Anu Bradford: *Henry L. Moses Professor of Law and International Organization, Columbia Law School*

The first spotlight talk of the GATTC was delivered by Prof. Dr. Anu Bradford, Henry L. Moses Professor of Law and International Organization at the University of Columbia, who introduced her ideas on the transformative potential of the EU and its rule-shaping power. In a session moderated by the political scientist Dr. Tobias Endler, Prof. Dr. Bradford elaborated upon her views regarding the importance

of regulating tech companies in a world of intensifying systemic competition. These ideas were also the topic of her recently published book, "The Brussels Effect: How the European Union Rules the World". Stressing the growing influence of big tech on all parts of society, Prof. Dr. Bradford argued: "There is a consensus that big tech needs to be regulated, but there is no consensus on how." According to Prof. Bradford, the current global tech world had been shaped by three competing models; in her words, "three digital empires", all trying to put their unique stamp on the tech world: the Chinese, the American, and the European models. Faced with the risks and opportunities which the modern digital land-
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pe presented to states and societies, the three models all attempted to regulate the terra nullius of the Internet. Prof. Bradford argued that these competing models were engaged in a “vertical battle” for tech dominance and security in light of the growing importance of the digital world.

“The digital sphere currently consists of Chinese hardware running U.S. software regulated by EU norms.” – Prof. Anu Bradford

The different values and political systems which characterize each of these models resulted in widely differing policies, Prof. Bradford stressed. She pointed out that key issues which differentiate these models were the relative roles of markets and the state and the relation between collective and individual rights. Whereas the Chinese model actively utilized censorship and propaganda through its tech companies to dictate the public discourse, the American model embraced a distinct *laissez faire* approach towards regulatory issues, according to Prof. Bradford. The third model, the European model, meanwhile attempted to find a sustainable middle between state intervention and market-driven approaches incorporating value-based regulation of the digital sphere and simultaneously leaving enough space for innovation.

Prof. Bradford further elaborated on her classification by describing the Chinese model as “state-driven,” the American model as “market-driven”, and the European model as “rights-driven”. At the heart of the American model stood the protection of core values such as free speech, free internet, and free markets. The Chinese model, on the other hand, viewed the Internet as a vehicle to entrench the power of the state and the Communist party. In Prof. Bradford’s view, these two approaches contrasted with the European model which em-

phasized human rights, the individual, and the necessity for redistributive action by the state.

She stressed that fault lines between these systems could result in the fragmentation and balkanization of the digital sphere. Prof. Bradford further argued that the United States, the EU, and China were engaged in a battle for technological, economic, cultural, ideological, and military power. “The United States is exporting the private power of its companies; China is exporting infrastructure power by constructing digital networks and hardware. The EU is exporting regulatory power through its unilateral power to dictate norms and practices,” she elaborated. While she characterized the U.S.-China competition as one over technological supremacy, she presented transatlantic competition as one over regulatory power.

“There is an increasing consensus that the European regulatory model best serves the public’s interest, checks corporate power, and preserves the democratic structures of a society.” – Prof. Anu Bradford

Prof. Bradford also pointed out the often ambivalent and complicated relationship between governments and Big Tech companies, arguing that these relations were simultaneously characterized by interdependence and the desire by both sides to establish their own rule-setting power. Referring to the title of her book, Prof. Bradford pointed out that the considerable ability of the EU to set standards and norms for the tech-world would have far-reaching consequences. She argued that in the long term, the U.S. market-driven model was losing, as the idea of self-governing tech companies continued to lose popularity. Prof. Bradford made the point that both the government and the public in the United States had begun to turn away from the traditional



“hands-off”-approach, instead favoring more regulation. She argued that the “techno-libertarianism gone wild” had shaken the foundations of democratic societies. Prof. Bradford contrasted this with Brussel’s ability to create a value-based set of norms, both open to corporate involvement and the necessary regulation. While she acknowledged the challenges which the unique nature of decision-making in the EU brought, she presented an optimistic outlook for future developments.

“It is not enough for Europe to be content to regulate, to simply play the referee. It needs to get on the field, play offense, and play defense.” –

Prof. Anu Bradford

The three main concerns she voiced regarding the European model were: 1) the relationship between regulatory frameworks and technological innovation; 2) the lack of an integrated

digital market; and 3) Europe’s inability to harness the global work market. To tackle these issues, Prof. Bradford encouraged policies emulating the American model which would enable risk-taking and innovation and would thus secure future competitiveness of Europe. Additionally, she stressed the importance of the actual enforcement of set rules, which she still found to be lacking.

The spotlight talk by Prof. Bradford was followed by an engaged and lively discussion with participants. One central theme debated was the need for further European integration, especially in the economic sphere, to secure its competitiveness. She concluded that the multifaceted nature of the EU as a polity and as a market could both be a strength and a weakness, due on the one hand to possible market fragmentation, and on the other, to the potential for innovation.



Panel Discussion 1: “Put to the Test: Democracies in the Information Age”

Participants:

Lorena Jaume-Palasi: Founder, The Ethical Tech Society

Prof. Dr. Michael Berthold: Co-Founder and CEO, KNIME

Barbara Comstock: Senior Advisor, Baker Donelson; Former Member of the United States House of Representative

Laurie Richardson: VP Trust & Safety,

Google

Vivian Schiller: Executive Director, Aspen Digital

Moderated by **Hans von der Burchard**, Senior Politics Reporter, Germany, POLITICO

At the center of the first panel discussion stood the disinformation environment, which, according to all panelists, posed an enormous risk to the stability of democratic states. Digital technologies had great potential to strengthen democracies and democratic processes.



At the same time, the spread of disinformation and digital echo chambers could lead to a radicalization of opinions and limit diverse discourse. When it came to the question of what rules should apply to digital technologies, democratic values and norms were diametrically opposed to those of authoritarian regimes such as Russia and China, the panelists agreed.

“Trying to decide what amounts to disinformation and trying to draw the line requires a lot of coordination, and we are working closely with governments on this.” – Laurie Richardson

U.S. President Joe Biden was therefore advocating for an alliance of tech democracies to stand united against China’s authoritarian digital policy. Nevertheless, the transatlantic partners were by no means united in their approach: The EU’s aspirations to sovereignty and divergent views on platform regulation, competition policy, and data protection had created tensions in the transatlantic relationship, the panelists underlined. Ms. Richardson described her efforts to ensure safety and trust on the various platforms of Google.

“A lot of our regulations does not fit the volatility of technological progress and development.” – Prof. Dr. Michael Berthold

Highlighting Google’s response to the war in Ukraine and its impact in the digital sphere, Ms. Richardson elaborated on the various ways in which Google had adapted to the events and closely cooperated with governments in the implementation of safety rules. Regarding the disinformation environment, Ms. Richardson stressed Google’s commitment to make reliable and high-quality information available and simultaneously counter misinformation and deliberate operations to spread fake news.

Referencing the social media platform Twitter, Ms. Schiller voiced her concerns regarding the impact individuals exercised on the public discourse due to their control over different platforms. Connected to these issues, she also pointed out the fact that the ownership and resulting control over two of the biggest social media platforms, Facebook and Twitter, rested in the hands of two men. Ms. Schiller criticized the current handling of disinformation on Twitter after Elon Musk’s takeover, in comparison to efforts made by Google.

“The free-speech commitment of the United States and the drive to prevent online harm in the EU are in an inherent state of tension. Still, I think there is more in common between the EU and the United States.” – Vivian Schiller

Acknowledging that content moderation was an extremely difficult and sensitive issue, she stressed that it was a work in progress that required continuous commitment by the companies responsible. After this discussion of the negative aspects of social media, Ms. Comstock pointed out that social media also harbored enormous potential for good, as the social media reception of Russia’s invasion of Ukraine and the COVID-19 era had demonstrated.

“The system in the United States is consumer-driven, lowering prices and making us more competitive.” – Barbara Comstock

Elaborating on her point about Russia and Ukraine, she stressed that the attention this conflict had received on social media proved crucial to counteracting the narrative pushed by Putin about the goals and means of the invasion. Additionally, she pointed out how social media enabled families to better cope during the pandemic and connect people despite social distancing. Stressing the potential of telehe-



alth, Ms. Comstock emphasized that the challenge was to address the risks of digitalization without stifling the opportunities it presented.

“Technology is marching forward, whether it is driven by European or U.S. companies. What matters is how we do it well.” – **Laurie Richardson**

After Ms. Comstock’s contribution, the discussion shifted to the topic of artificial intelligence and its regulation by different states. Ms. Jaume-Palasi criticized the current approach of the EU in this field and made the case for a sectoral approach, focusing on one area at a time. Additionally, she pointed out how the digital transformation of the EU was running into natural barriers, demonstrated by the water shortages in Brandenburg after the construction of Tesla’s Giga factory. On the topic of AI, Prof. Dr. Berthold argued that a lot of the current regulatory approaches tended to lag behind reality.

Pointing towards the possible emergence of wholly AI-generated content, he predicted a sea-change in the future, where current methods of moderation no longer applied. Building on the three models presented by Prof. Bradford, Ms. Richardson made the case for holistic regulations and principle-based alignment.

“We are trying to regulate in advance a lot of technologies we do not understand yet.” – **Lorena Jaume-Palasi**

Referring to Prof. Berthold’s arguments about the disruptive potential of AI-generated content, Ms. Richardson stressed the importance of transatlantic cooperation in regulating these emerging fields. Chiming in on the question of regulations, Ms. Comstock also agreed that a lot of legislation lagged behind the realities of the current digital world.





Spotlight Talk: “Current Trends in the Global Trading Order and the Role of Technology”

Angela Ellard: Deputy Director-General WTO; Areas of responsibility: Legal Affairs, Rules, Administration & General Services, Language and Documentation Services Division

In the second spotlight talk of the day, Angela Ellard, Deputy Director-General of the WTO, elaborated on the relationship between trade and technology. The talk was moderated by Dr. Stormy-Annika Mildner. According to the Deputy Director-General, improved logistics and technological change could enable more efficient trade in goods and services and thus support sustainable, climate-friendly growth. Given the growing importance of e-commerce in the global economy, Ms. Ellard highlighted the importance of mutually agreed upon rules to regulate these markets.

“Open trade plays a critical role in providing access to the technology central to climate-friendly transformation.” – Angela Ellard

In her view, the WTO was the central body in this endeavor. Ms. Ellard underlined the crucial role that the multilateral trade organization would play in the coming transformation of international trade. At the same time, she acknowledged that the WTO needed to be reformed to be fit-for-purpose and to reflect the realities of 21st century trade. Ms. Ellard continued by pointing out the socio-economic gap between developed and developing countries, notably in the form of a widening digital divide. Plurilateral agreements within the WTO could be a way to create a more inclusive environment, Ms. Ellard argued. Drawing on experiences from her distinguished career serving in the U.S. Congress as Majority and Minority Chief Trade Counsel, Ms. Ellard also stressed

the climate impact of technology and trade. She strongly advocated for lowering barriers to trade in environmental goods, which would have a positive impact on climate change, as the transformation towards a low-carbon world economy relied on affordable climate-mitigating technologies.

“There is no doubt that the future of global trade is inextricably linked to digital technologies.” – Angela Ellard

Digitalization and the widespread usage of low-cost climate-mitigating technologies were key-talking points, and Ms. Ellard noted that the elimination of existing trade barriers should be a key goal. Securing free trade and the unhindered flow of climate friendly technologies would be among the most impactful policies in the coming years, she pointed out. Ms. Ellard argued that international, rules-based, and free trade flows would be key factors for reducing the costs of wind turbines, solar panels, and biogas stoves.

Ms. Ellard argued that intensified trade and technology exchange would lead to both benefits for climate change mitigation and result in improved supply chain security. According to Ms. Ellard the resulting economic diversification would not only enable global trade to function as a shock absorber, but also create considerable employment in developing countries. As such she emphasized: “Free movement of environmental goods and services will result in economic diversification and job creation.”

“The high cost of fragmentation shows that we need more strategic multilateralism and less unilateralism or tactical bilateralism.” – Angela Ellard

Referencing the conference’s title, the Deputy Director-General stressed that the core of



many modern trade tensions revolved around technology. She argued that many countries now considered technology to be a key factor in the formulation of their foreign and trade policy. She acknowledged the positive aspects of the emergent policies of “friendshoring” and “onshoring”, but also warned against the risks of eventual economic decoupling and increased vulnerabilities to international conflicts and natural disasters.

She also stressed the negative impact economic decoupling would have on global GDP. Ms. Ellard closed her speech with an appeal for intensified globalization and a reduction of unilateralism. After the talk, Ms. Ellard also answered questions from the audience, which focused, among other topics, on the dispute settlement mechanism of the WTO and the impact of the U.S.-China rivalry on the intra-WTO decision mechanisms.



Three-on-one Conversation: “Work in Progress: An Update from the Trade and Technology Council”

Participants:

Dr. Tobias Lindner: Minister of State, Federal Foreign Office

Rupert Schlegelmilch: Director, DG Trade, EU Commission

David Weiner: Deputy Assistant U.S. Trade Representative for Europe, Office of the U.S. Trade Representative

Moderated by **Dr. Stormy-Annika Mildner,** Executive Director, Aspen Institute Germany

During the first three-on-one conversation of the conference, the speakers discussed how the third ministerial meeting of the EU-U.S. Trade and Technology Council (TTC) will impact future trade relations. Acknowledging the contentious nature of the U.S. Inflation Reduction Act (IRA), the discussion revolved around the

need for the transatlantic partners to cooperate more closely and embrace new industrial policies. The panel’s participants agreed that technology, security, and trade were deeply intertwined, and Mr. Schlegelmilch made the argument in favor of a holistic trade policy.

Given the need for transatlantic cooperation and coordination in these crucial fields, Mr. Weiner stressed the importance of the TTC as a collaborative mechanism. While Mr. Weiner acknowledged the friction between the transatlantic partners, he pointed out the overwhelming alignment on many values, which he deemed fundamental, a sentiment shared by Dr. Lindner. This statement was echoed by Mr. Schlegelmilch, who stressed the usefulness of the TTC as a crucial forum to further the green transition.

“A smart industrial policy not only supports trade policy, but it also includes trade policy as one of its tools.” – Rupert Schlegelmilch



He agreed with Mr. Weiner's point about the need for a continuous dialogue and reinforced the argument about the solid foundation of the TTC. In this regard, he agreed with Dr. Lindner, who made the case that the TTC played a central role in tackling shared challenges, such as climate change, cybersecurity, and supply chain resilience.

"Tackling climate change and our approach to trade policy are intertwined." – David Weiner

Dr. Lindner voiced his appreciation for the goals of the IRA, but simultaneously stressed that the current implementation of these policies needed refinement. He reaffirmed that the EU and Germany shared the values represented by the IRA, but also highlighted the need for dialogue and coordination, a sentiment echoed by Mr. Weiner. Dr. Lindner also stressed the importance of the TTC to enable a race to the top, rather than a race to the bottom between the United States and the EU. This need for closer coordination of industrial and economic policy was acknowledged by Mr. Weiner, who recognized the EU's frustration with some of the IRA's rules and pointed to the TTC as a valuable tool for communication and addressing these concerns. Another aspect of the discussion was the need to draft new policies regarding the growing political and economic power of China. Mr. Lindner pointed out the necessity of an integrated security strategy which would include economic, military, and domestic policies. In a nod to the conference's overarching themes of trade and technology,

Mr. Lindner also stressed the interconnectedness of these fields and their importance within the context of a looming systemic rivalry with China. His stance was echoed by both Mr. Schlegelmilch and Mr. Weiner. Both agreed that the TTC played a role in effectively countering coercive economic measures of China. Additionally, Mr. Schlegelmilch underlined Mr. Lindner's remarks regarding the need for the formulation of new policies by stressing the importance of a clear (re)-definition of the relationship itself and potential areas of cooperation. He argued that, generally, cooperation with China was still possible and would be welcomed by the EU, but cautioned against one-sided dependencies.

"Our new policy regarding China is not about decoupling, it is about identifying one-sided dependencies and about diversification." – Dr. Tobias Lindner

Questions from the audience touched upon the harmonization of standards on, for example, artificial intelligence, climate policy, and labor issues. All speakers agreed that trade policy and existing trade practices had enormous implications for the climate and that good trade policy could have a very positive impact. Additionally, they stressed that the formulation of a common, coordinated strategy would be key to formulating a coherent answer to the many crises the transatlantic partners currently face and that the TTC was, as such, a very valuable forum.





Oxford Style Debate: “Trading with Autocracies?”

Team 1: Friendshoring is the solution to the changing geopolitical environment

Dr. Daniel Eriksson: CEO, Transparency International

Prof. Dr. Lisandra Flach: Director of the ifo Center for International Economics; Professor of Economics, LMU Munich

Ash Jain: Director for Democratic Order, Scowcroft Strategy Initiative, Atlantic Council

Team 2: Diversification and continued multilateralism is the better way to deal with the changing geopolitical environment

Dr. Chad Bown: Reginald Jones Senior Fellow, Peterson Institute for International Economics

Dr. Claudia Schmucker: Head, Geo-Economics Program, German Council on Foreign Relations (DGAP)

Melanie Vogelbach: Head of International Economic Policy and Foreign Trade Law, German Chamber of Commerce and Industry (DIHK)

Moderated by **Prof. Dr. Andrea Römmele**, Professor of Communication in Politics and Civil Society, Hertie School

With geopolitical tensions on the rise, the world is increasingly at risk of being divided into two camps with democracies on one side

and autocracies on the other. This leaves many countries somewhere in the middle, gravitating to one pole or the other. Russia’s war on Ukraine has made dependencies and vulnerabilities more clear. Both governments and companies are reevaluating risks and placing a greater emphasis on supply chain resilience. Trade is increasingly being viewed through the lens of security. On both sides of the Atlantic, many are calling for a re-structuring of trade, promoting the idea of re-shoring, near-shoring, and friend-shoring. Others warn that this is a dangerous narrative, which risks distancing countries, that are not yet clearly aligned with one side or the other.

To explore the multifaceted nature of this issue, an Oxford-style debate was held to round out the conference’s first day. During the format, two teams debated one another, with one team promoting the idea of friend-shoring and the other taking a more critical perspective and placing greater emphasis on other strategies. The Oxford-style format was broken down into four sections: opening remarks, an intra-panel discussion, a question-and-answer period, and closing remarks.

“Heated debates play a prominent role in democracies. They inform, they integrate, and they change our opinions.” – Prof. Dr. Andrea Römmele

Prof. Dr. Römmele began by briefly introducing the respective positions of both teams, af-



ter which the audience was invited to vote between the two approaches. Overall, the vote clearly favored the statement that “diversification and continued multilateralism are better ways to deal with the changing geopolitical environment.” It should be noted that the panelists themselves were assigned to each team, and that each team’s position was exaggerated to a certain degree, to enable a more intense discussion.

The debate itself began with an eloquent introduction by Ash Jain. Arguing that the dependence on trade with Russia, China, and other autocracies for trade had put the United States, the EU, and the West in a difficult position, Mr. Jain made the case for friend-shoring. In his opening, he also raised the crucial question of which states should be defined as friends and set out a number of possible criteria such as democratic values and the respect for human rights. His team colleague, Dr. Erikson, picked up on this line of argument by further elaborating on which countries should be considered friendly, and which should be understood as possibly hostile forces.

“Trade is a shock absorber, not a shock supplier.” –
Dr. Claudia Schumucker

To make this distinction easier, he proposed to differentiate between “friends, foes, and people in the middle” to prevent kleptocrats from exploiting the West. He underlined: “Trading with kleptocrats means strengthening kleptocrats.” Rounding out Team 1’s opening statements, Prof. Dr. Lisandra Flach reiterated the close connection between trade relations and dependencies and stressed the willingness of autocratic regimes to exert pressure via economic channels. In a clear contrast to the first team, Dr. Schumucker pointed out that while trade with autocracies should be reduced, an overall multilateral approach would be prefera-

ble. She stressed the need for new trade rules and an overhaul of existing trade strategies. This strand of thought was picked up by Ms. Vogelbach who criticized friend-shoring as an arbitrary way to reduce trade opportunities without significant upsides. As Ms. Vogelbach pointed out, friend-shoring would result in economic decoupling.

“You need some interdependence to sanction rogue states, to impose costs on them.” –
Dr. Chad Bown

Following this, Mr. Bown also stressed the global nature of some of the challenges which the EU and United States currently faced. He argued that implementing a trade strategy based on only dealing with “friends” would run into the very real problem of economic leakage. Additionally, he also expressed his doubts about whether friend-shoring would work as a tool to encourage political change, doubting the feasibility of uniformly implementing policies.

After the introductory statements, each team asked the other a central question. Team 1 used the opportunity to elaborate on their position regarding the potential for friend-shoring to address climate change and to enable cooperation with African and Middle Eastern countries. Mr. Jain highlighted that many of those countries already met the criteria and that, furthermore, friend-shoring could prove to be a powerful incentive for change in other states. Climate-related arguments were brought forward by Dr. Erikson and Prof. Dr. Flach, who argued that intensified cooperation between democracies would clearly support climate-mitigating efforts.

“We have to stop prioritizing economic growth over the security of our democracies.” –
Dr. Daniel Eriksson



Additionally, Dr. Erikson made the point that buying from democracies with sound environmental standards might incur higher costs but would reduce the negative ecological impact of these product.

“Friendshoring is a nicer way to describe decoupling.” – Melanie Vogelbach

Team 2 was then asked to elaborate on the policies needed to reduce dependencies. Ms. Vogelbach identified a comprehensive mix of instruments, arguing that both governments and business were responsible for implementing them. Among others, Ms. Schmucker named diversification of sources but also sales markets, stockpiling, better risk management, joint standards for technologies, rules for sustainable supply chains, and new partnerships via free trade agreements and resource partnerships.

Afterwards, the floor was opened to questions from the audience. One controversial point of discussion related to the advantages and disadvantages of homeshoring. While Team 2 generally agreed that boosting domestic production of crucial goods, like vaccines and semiconductors, would be beneficial, Dr. Schmucker also spoke out in favour of trade. Arguing that trade served as a shock absorber, rather than a shock supplier, she highlighted the positive sides of diversified sourcing and more resilient supply chains.

Another question posed pertained to the issue of sanctions. Team 2 strongly supported the sanctions against Russia, but also pointed out that these sanctions were only effective because of the economic relationship with Russia. Ms. Vogelbach repeated the point for diversification, acknowledging that an over-dependence on Russian energy and Russia’s ownership of critical energy infrastructure in Germa-

ny had created huge problems. In response, Ms. Schmucker emphasized that this mistake should not be repeated by becoming overly dependent on other energy suppliers; had Germany diversified earlier, Russia’s war on Ukraine would not have had the same economic impact.

Defending the position of Team 1, Dr. Erikson argued that friend-shoring would have prevented the harsh economic implications of the war and similar conflicts by starving Russia and other prospective aggressors of the resources needed to wage these modern high-tech wars.

“Friendshoring is not a way of decoupling, rather it is an approach to reduce dependencies on autocratic states.” – Prof. Dr. Lisandra Flach

Another facet was highlighted by Prof. Dr. Flach who stressed the need for many countries to enact sanctions for them to have a noticeable effect. She argued that friend-shoring could be a valuable approach to incentivize this broader support and adherence to the necessary sanction regime. Mr. Jain finished this round of arguments by raising the issue of China and Taiwan. Referring to the dependencies on China, he warned of the immense economic and political implications that a Chinese invasion of Taiwan would have for the transatlantic partners.

The exchange with the audience was followed by closing statements from both teams. Dr. Bown opened by pointing out the connection between economic interdependence and the efficacy of sanctions. To underline his point, he highlighted the deterrent effect that the possibility of sanctions has had in the context of a possible invasion of Taiwan by the PRC. Dr. Schmucker pointed out the considerable negative consequences of economic decou-



ling for the global economy and especially for developing countries. Furthermore, she stressed the need for cooperation on climate-related issues and the difficulty of intensifying climate mitigation in a context of decoupled economies. In closing words from Team 2, Ms. Vogelbach questioned the viability of clearly defining friends and foes. Pointing to successful negotiations with Vietnam, she also highlighted the transformative potential of trade. She stressed how a trade agreement with the Asian country led to the legalization of trade unions there and made the point that incremental change through interdependence was possible. Team 2 concluded that diversification and continued multilateralism improved resilience to global shocks. With regard to malign actors like Russia and systemic rivals like China, they argued that this strategy could mitigate escalation.

The closing arguments of Team 1 revolved around the importance of democratic solidarity and cooperation in the face of aggressive autocracies and domestic challenges. Decreasing

geoeconomic risks and strengthening democracies were emphasized as key goals of friendshoring, Prof. Flach stated. The need for coordination among democracies was also echoed by Dr. Erikson. Mr. Jain closed his team's statement by highlighting the failure of the "change through trade" strategy. Neither Russia nor China liberalized as a result of intensified trade with the West, and Mr. Jain drew the conclusion that a tailored, practical framework for ally-shoring needed to replace the current strategy. Team 1 stressed that friend-shoring could incentivize autocracies and kleptocracies to liberalize. Simultaneously this strategy would prevent malign actors like Russia and China from getting the materials and resources they need to wage war. Overall, both teams were able to put forward convincing arguments and presented their cases in an eloquent and instructive manner.

"The concern over supply chain security is not theoretical. Moscow and Beijing are using their economic clout to coerce democracies to accede to their demands." – Ash Jain





The Conference in Detail

Day 2

Spotlight Conversation: “Lost in Translation? Understandings and Misunderstandings in the Transatlantic Relationship”

Participants:

Prof. Dr. Marina Henke: *Professor of International Relations, Director of the Centre for International Security, Hertie School*

Prof. Dr. Abraham Newman: *Professor, School of Foreign Service and Department of Government, Georgetown University*

Moderated by **Sudha David-Wilp**, *Director of the Berlin Office, German Marshall Fund of the United States*

The second day of the conference started strong with a spirited discussion on the current hurdles to transatlantic cooperation and the necessity for partnership. Russia’s invasion of Ukraine proved to be the “leitmotif” of the spotlight discussion. The speakers pointed out that war had returned to Europe, violent power-politics were becoming more common, and the transatlantic partnership faced a set of challenges, opportunities, as well as political imperatives.

Both speakers agreed that Ukraine defended itself much more successfully and that Russia’s capacities and capabilities were less effective than many had predicted. They also pointed out that Russia had underestimated the effective coordination of the West, while the Western alliance was very strong. Nonetheless, they agreed that there were deficits in transatlantic cooperation. Highlighting the widespread failure to both predict Russia’s attack and the eventual course of the war, they questioned and criticized current communicative methods and the lack of meaningful intelligence-sharing.

Prof. Henke expressed her surprise that members of the BND, Germany’s federal intelligence service, which she spoke to just days before February 24th, had been convinced that Russia would not attack Ukraine. She also criticized the lack of communication between German and U.S. intelligence agencies at the time, highlighting the willful ignorance on Germany’s part. Underlining how domestic considerations and intra-German political rivalries had undermined a more vigorous policy, Prof. Henke made the case for a more coherent foreign policy stance pursued by the German government.

“The issues of burden-sharing and leadership within NATO are something Germany has to fully engage in.” – Prof. Dr. Marina Henke

Both speakers welcomed the “Zeitenwende”, hailing it as a comprehensive rethinking of foreign policy, but also asked for a more forceful implementation. Prof. Henke argued that the active support provided by other Atlantic partners to Ukraine enabled Germany to embrace a certain “hands-off”-attitude. When asked whether she thought that Germany was ready for a leadership role in Europe, she made the point that the potential was there, but that predicted costs and the lack of outside pressures had so far prevented a more decisive stance.

Both speakers pointed out that the changing geopolitical environment not only required a recalibration of foreign and security policy but also of foreign trade policy. Pointing out how dual-use technologies, obtained from Europe, had enabled Russia in its aggression, they argued that trade policy could no longer be understood to take place in a vacuum. Prof. Newman argued that “Wandel durch Handel”, the policy of socio-political change through trade, which long characterized Germany’s approach to foreign and trade policy, was in-



validated. As a consequence, Germany and the United States had to reduce overdependency particularly on autocratic regimes such as China.

“We need a new language to talk and think about the transatlantic relationship.” –

Prof. Dr. Abraham Newman

Prof. Newman made the case that peace through economic interdependence had been a “fairytale”. Highlighting how autocracies weaponized trade and investment relations, he argued for a more security-oriented approach to trade policy. He reiterated how central the regulation of dual-use technologies had become, citing the Dutch manufacturer ASML as an example. Following political pressure from the United States, the Dutch government was pressing ahead with export restrictions on “advanced” semiconductor manufacturing equipment.

Prof. Newman voiced an appeal for a post-Ricardian economic thinking in the transatlantic partnership. “That simple story, á la Ricardo, that we all gain from trade, has been undermined by the fact that critical technologies have been concentrated in the hands of the few and that states are now weaponizing these quasi-monopolies.”

In the discussion with the audience, both speakers agreed that the foundations of the transatlantic partnership had to be rethought in light of the new economic and geopolitical challenges, such as China’s increasingly coercive behavior and Russia’s violations of international law. While they reaffirmed the soundness of the foundations of the transatlantic alliance, they also pointed out that this partnership required continuous work on both sides of the Atlantic.



Fishbowl Discussion: “Stronger than Ever? Transatlantic Relations in an Era of Global Conflict and Domestic Social Unrest”

Participants:

Melissa Eddy: *Business Correspondent, The New York Times*

Dr. Anna Sauerbrey: *Foreign Editor, DIE ZEIT*

Open Podium Seat for changing participation from audience

Moderated by Cathryn Clüver Ashbrook,
Senior Advisor, Bertelsmann Foundation

The fishbowl discussion revolved around the nature of the German-U.S. relationship. Both speakers emphasized the importance of trust. Dr. Sauerbrey argued that the relationship had been considerably strained during the Presidency of Donald Trump, with many new economic conflicts arising and old ones escalating.



ting. With the election of Joe Biden, hopes had been high for a revitalization of the partnership – and some of these had been fulfilled while others had not, the two speakers agreed. Both speakers argued that some of the damages, which had occurred during the Trump Presidency, still burdened the relationship.

“The differences between Germany’s and the U.S. stance on China are much less about the direction, than about the pace. German economic interdependence forces it to take similar but much smaller steps than the United States.” – Dr. Anna Sauerbrey

On trade issues, the transatlantic partners were – at least temporarily – able to find solutions for the disputes on U.S. tariffs on steel and aluminum as well as aviation subsidies on both sides of the Atlantic. Foremost, the transatlantic partners set up the TTC. The EU and the United States also closely coordinated their sanctions on Russia. However, the relationship was not without its tensions. The EU strove for more sovereignty, while the United States was – at least in part – pursuing an “America First” trade policy, both speakers pointed out. Regarding China, risk perceptions and policy responses continued to differ on both sides of the Atlantic. The United States was expecting the EU to assume greater responsibility. Germany, in particular, had to restructure its economic relations with China.

Ms. Eddy contended that the relationship between the United States and Germany was the strongest it had been for a long time. At the same time, she emphasized that both the nature and the means of the relationship were in need of a “Zeitenwende”. Both speakers urged that

transatlantic relations had to be future-proofed, pointing out that the window of opportunity could easily close with the upcoming presidential elections in the United States.

Since the concept of a fishbowl discussion encourages direct participation by the audience, Ms. Elisabeth Nöfer, program officer at the Aspen Institute Germany, joined the speakers on the stage. Ms. Nöfer reiterated her concern about the upcoming U.S. elections, in particular if Trump was re-elected. Ms. Eddy had a slightly more optimistic outlook, pointing out that while Germany still needed to prepare for this possibility, it appeared that Germany was much better prepared than in 2020. Nonetheless, both speakers agreed that the United States would not fully be a reliable partner in the future as the political pendulum was likely to show big swings in the future.

“Making clear how, and why Germany depends on China is key for a healthy U.S.-German understanding and partnership.” – Melissa Eddy

Subsequently, the panelists were joined by various conference participants, among them Mark Fischer, senior project manager at the Bertelsmann foundation. When asked about fissures in the transatlantic partnership, Ms. Eddy acknowledged that there were certain points of friction, but that the partners were able to overcome these through dialogue. Mr. Fischer echoed Ms. Eddy’s statements and pointed towards the centrality of China in the U.S.-German relationship. Pointing to the TTC, he emphasized the importance of sound institutions to solve conflicts and jointly work on issues of shared concern.





Breakout Sessions

Breakout Session 1: Export Control and Investment Screening: The Intersection of Trade, Technology and Security

Julia Friedlander: *CEO, Atlantik-Brücke*
Dr. Nikolas Keßels, *Senior Manager External Economic Policy, Federation of German Industries (BDI)*

Karen Nies-Vogel: *Director of Office of Exporter Services, Bureau of Industry and Security, U.S. Department of Commerce*

Amy Radtke: *Senior Trade and Industry Analyst, Office of Strategic Industries and Economic Security, Bureau of Industry and Security, U.S. Department of Commerce*

Moderated by Dr. Stormy-Annika Mildner, Executive Director, Aspen Institute Germany

In light of Western dual-use technology utilized by Russia in its invasion of Ukraine, the intersection of trade policy and foreign policy stood at the forefront of the debate. According to the panelists, Russia's attack on Ukraine had made it blatantly clear that modern technologies in the wrong hands posed a great threat to international peace and security.

The discussion began with a short introduction by each participant of their understanding of export controls. Ms. Friedlander stressed that modern trade and security policy were insepa-

rately linked, a sentiment echoed by Ms. Nies-Vogel. She underlined that one of the key goals of the U.S. Department of Commerce was safeguarding the security interests of the United States. After the introduction, the discussion turned to the nuts and bolts of export controls and the legislative minutiae. Pointing towards the security implications of trade in dual-use technologies, Ms. Friedlander cautioned that it was becoming more and more difficult to differentiate between goods of security importance and those without. Building on this, Dr. Keßels criticized the pressure which some export controls put on companies, since the distinction between civilian and military technologies had proven difficult to determine.

The discussion then turned to investment screening. Ms. Radtke explained that the United States had reformed both its investment screening and export control laws in 2018. Ms. Friedlander lauded CFIUS, which allowed for an effective inter-agency approach to export screening. She also pointed out that, in 2022, proposals for outbound investment controls had been tabled. This was more controversial, however, according to Ms. Friedlander. Dr. Nikolas Keßels laid out that the EU did not have a single investment screening regime, but only a coordination mechanism. EU members pursued their own investment screenings. Many of them had tightened con-



trols during the Covid-19 pandemic. There was more of a unified approach to export controls, but still differences between the EU members. Lastly, the panelists agreed that investment screening and export controls were important topics in the EU-U.S. Trade and Technology Council.



Breakout Session 2: Semi-Conductors: The Transatlantic Partners between Cooperation and Subsidy Race

Dr. Daniela Brönstrup: *Head of Department Digital and Innovation Policy, German Federal Ministry for Economic Affairs and Climate Action (BMWK)*

Jens Fabrowsky: *Executive Vice President Automotive Electronics, BOSCH*

Jan-Peter Kleinhans: *Project Director Technology and Geopolitics, Stiftung Neue Verantwortung*

Sam Marullo: *Director, CHIPS Policy, U.S. Department of Commerce*

Moderated by Dr. Natalia Stolyarchuk, Policy Officer, Future Computing & Microelectronics Bitkom e. V

At the center of the debate stood the importance of semi-conductors for modern economies, the green transition, and digitalization. The panelists discussed vulnerabilities in global production networks and value chains, dependencies, and policies how to reduce these. Given the risk of a subsidies race between the transatlantic partners, the panelists discussed how cooperation between the EU and the United States could be ensured.

The panelists critically discussed the high concentration of global semi-conductors production. Thus, Taiwan made up approximately 65 percent of the world's semiconductors and almost 90 percent of the advanced chips. By comparison, the United States produced roughly 10 percent. The high dependence on



supplies from Taiwan for advanced chips made the EU and the United States very vulnerable to supply chain interruptions. The panelists agreed that the risk was growing given China's increasingly aggressive stance towards Taiwan. The panelists also touched on two pieces of legislation. The Chips Act presented by the European Commission in February 2022 was intended to reduce geopolitical dependencies and increase the resilience of supply chains for the EU. It aimed to double the share of European semiconductor manufacturers in global chip production to 20 percent by 2030. In fall 2022, U.S. Congress passed a CHIPS Act. Both the EU and United States were heavily investing in their semiconductor industries.

Agreeing that the U.S. CHIPS Act simultaneously represented a key step in the legislation of this critical technology and a challenge for transatlantic relations, the panelists raised the question of how to manage the transatlantic partnership in this regard, agreeing that a subsidies race should be avoided. Stressing the growing importance of multi-staged supply chains, which were inherently vulnerable to a wide range of natural and manmade disasters, the panelists agreed that reform and a structural rethinking was needed.



Breakout Session 3: The Future of the Global Trading Order

Prof. Dr. Susan A. Aaronson: Research Professor of International Affairs, Director of the Digital Trade and Data Governance Hub, George Washington University

Dr. Nicola Brandt: Head, OECD Berlin Centre

Ingmar Juergens: Co-Founder, Climate & Company; Vice Chair of the Board, Germanwatch

Stan McCoy: President and Managing Director, Motion Picture Association EMEA



Moderated by Dr. Katharina Gnath, Senior Project Manager, Bertelsmann Foundation

The third breakout session of the conference was dedicated to the discussion of how trade and the rules-based trading order could be sustained in the face of the new geopolitical realities. The panelists discussed the WTO and reform necessities, trade and climate change, as well as regulations for sustainable supply chains.

Mr. McCoy reaffirmed the commitment of the United States to support the multilateral trading order, while stressing that increased systemic competition underlined the need to reform the WTO. He generally made the case for incremental changes to the existing system to ensure stability and the ability to move forward. Prof. Aaronson echoed this sentiment, adding that mere “maintenance of the system” was no longer enough to cope with global change. Instead, she made the case for a radical rethinking of trade policy, its means and its objectives, citing the potential of digital tools as a trust-building measure in governance. The process of trade negotiations had undermined trust, she argued, and digital tools could help build trust. Governance was all about trust, and therefore, engaging with people to build trust and transparency was critical for the system’s success.

Regarding the role of the United States, Prof. Aaronson was more critical, arguing that U.S. Congress had not set trade policy objectives since 2015 and that the current moment was one of re-thinking. She suggested that the United States needed to adopt a value-based ap-

proach and work closely with allies to ensure that they also benefit from trade policies.

On the topic of international trade and climate change, Mr. Juergens stressed that existent barriers to the exchange of environmental goods still hampered effective climate mitigation strategies. He went on to say that some of the basic assumptions informing current approaches to trade policy did not work in practice, as perfect fungibility and mobility of capital and labor remained purely theoretical.

Mr. Juergens also presented arguments in favor of coordinated corporate disclosure rules to increase transparency in value chains. Dr. Brandt interceded by emphasizing that trade and openness were no ends in themselves, but rather means to mitigate climate change. Referencing the IRA, Mr. Jurgens argued that German companies investing in the United States in early technology could experience trickle-down effects on their activities in Germany due to the high integration of the two economies. He made the argument in favor of better coordination and integrated policies on both sides of the Atlantic. Dr. Brandt suggested that subsidies and regulations were legitimate policy instruments but would have global repercussions. Transparency was essential when discussing these issues to ensure that everyone benefited.

Finally, the panelists discussed data and trade, underlining the interlinkage between these two. Digital trade continuously gained in importance. Prof. Aaronson suggested that much of the data generated by companies should be treated as a public good.





Three-on-one Conversation: “The Fifth Dimension: Cyberspace as the Battleground of a Modern World”

Sandra Joyce: Vice President, Mandiant Intelligence at Google Cloud

Barbara Kluge: Deputy Head, Directorate-General CI – Cyber and Information Security, Federal Ministry of the Interior and Community (BMI)

Heli Tiirmaa-Klaar: Director of the Digital Society Institute, ESMT Berlin

Moderated by **Johannes Steger**, Managing Editor, Tagesspiegel Background Cybersecurity

Cybersecurity stood at the center of the debate of the Three-on-one Conversation. The panelists agreed that in light of Russia’s invasion of Ukraine, it had become clear that geopolitics and cybersecurity were inextricably linked. State-sponsored hackers had targeted critical infrastructure, disrupted democratic systems with disinformation campaigns, held information hostage, and stolen personal data, proprietary information, and state secrets.

International governance of these actions had not kept pace, and the risks to international stability were further intensified by the rapid emergence of technologies that could change the strategic landscape, such as artificial intelligence and quantum computing. These global challenges could not be adequately addressed

from the perspective of a single nation-state or actor. Therefore, it was crucial that Germany, the United States, and other democratic countries and critical actors joined forces to learn from each other and developed intelligent and pragmatic solutions.

“We reached a point in our society and in our dependence of digital services, where we assume that every failure is related to a cyber-attack. We need a much more sober stance, there is still a lot of regular technical failure.” – Sandra Joyce

Ms. Joyce noted that the discourse in the United States revolved more around national defense, while in Europe, it focused on privacy and regulations. Both were important and two sides of the same coin, she emphasized. When asked about the European perspective, Ms. Kluge highlighted the emphasis on resilience and protection of critical infrastructure in Germany. She mentioned that the war in Ukraine had created more awareness of cyber risks among the wider public, and people were more careful about protecting their data.

“We need to protect critical infrastructure, both physical and digital, and we need to raise broad awareness in our societies.” – Barbara Kluge

However, Ms. Kluge also pointed out that there was still a need to create a broader awareness of the risks and dangers of the digital world. Ms. Tiirmaa-Klaar stressed that cyber



resilience had gained prominence in Brussels, and on a national level, it was also tied to defense and military aspects. She cited the example of the Estonia 2007 attacks, which had led to the formation of a cyber defense league, a voluntary expert commission mobilized by the government in times of crisis.

“We have to be more innovative in our responses. As a government, or as a company we need to adapt to the asymmetry of the digital sphere.” –
Heli Tüirmaa-Klaar

Stressing how this might serve as an example for other European countries, Ms. Tiirmaa-Klaar made the case for similar innovative approaches. When asked about the lessons learned from the cyber battleground in Russia’s war against Ukraine, she mentioned that private-public cooperation had been vital in the defense efforts. Ms. Joyce pointed out that the lines were blurring between cybercrime and state activity. Ms. Kluge echoed the need to stop thinking in old categories. Ms. Tiirmaa-

Klaar added that communication was key, arguing that this was currently very difficult because European agencies tended to keep information to themselves.

The discussion then shifted to how to improve awareness about cybersecurity. Ms. Joyce pointed out that awareness was much lower than estimated, focusing too much exclusively on companies and businesses. Ms. Kluge argued that more and more companies were classified as critical infrastructure, but people often knew too little about their data and where it was hosted. In conclusion, the panelists emphasized that international cooperation was key to improving cyber resilience. They also agreed on the need for innovation in the response to asymmetric and hybrid threats.





Panel Discussion: “In the Geopolitical Eye: Tech Standards and the Race for Global Leadership”

Daniel Andrich: *General Manager, AmCham Germany*

Bill Echikson: *Non-resident Senior Fellow, Digital Innovation Initiative, Center for European Policy Analysis (CEPA)*

Metin Hakverdi: *Member of the German Bundestag, SPD*

Ann Cathrin Riedel: *Policy Advisor for Global Digitalisation and Innovation, Friedrich Naumann Foundation for Freedom*

Christoph Winterhalter: *Chairman of the Executive Board, German Institute for Standardization (DIN)*

Moderated by Dr. Julia Pohle, Senior Researcher, WZB Berlin Social Science Center; Senior Associate Researcher, Center for Digitalisation, Democracy and Innovation (C2DI), Brussels School of Governance

The panel focused on standard-setting for an increasingly digitalized world, its effects on economic competitiveness as well as international trade, and its implications for geopolitics and geoeconomics. The panelists agreed that technical standards were indispensable to ensure technological interoperability as well as free and rules-based trade.

“I still believe in the project of globalization, but if you prefer sovereignty, I think that transatlantic sovereignty has much more potential than purely European sovereignty.” – Daniel Andrich

The discussion started with a comprehensive introduction into the nuts and bolts of technical standards and their importance within the broader international context. The panelists stressed that a clear distinction had to be drawn between technical standards, which were often developed by private actors, and regulations

implemented by governments. According to the panelists, tech standards had always been considered a purely technical issue, but they were becoming more political, some argued. They underlined that tech standards governed society as much as laws and had enormous power not only in terms of safety and the interoperability of technology but also the competitiveness of businesses and even countries overall. Some of the panelists cautioned that technical standards could also be misused as protectionism, which should be prevented.

“Standard setting has never been a purely technical issue; it always had a political dimension.” – Metin Hakverdi

Mr. Hakverdi argued that international technological standards were needed to facilitate trade and reduce economic friction. Building on this, Mr. Winterhalter agreed that international standard-setting organizations played an important role to ensure interoperability of standards. Stating that country representatives played an important role in these organizations, he pointed to China’s increasing power in standard-setting. Mr. Andrich emphasized the need to bring tech experts together on a strategic and technical level. He noted that China was very active in this area, that awareness needed to be increased, and capabilities to compete had to be developed.

Following this, Mr. Echikson cautioned that China’s more assertive role in standard-setting was not necessarily bad as integration in international governance could also have a positive effect on China itself. However, the EU and the United States also needed to match China’s more influential role. Mr. Winterhal-

“We have to be wary that standard setting can often be used as a cover or code word for protectionism and decoupling.” – Bill Echikson



ter agreed, stressing that meaningful global standard-setting needed to involve China. At the same time, he stressed the importance of transatlantic relations, a sentiment shared by Mr. Andrich. Mr. Hakverdi argued that China was not inherently malignant but was pursuing its own interests and values. Simultaneously, he acknowledged that standard setting rarely occurred for purely technical or economic reasons, but often was based on political calculations.

“To secure an ethical digitalization, we need to look into formulating ethical and human rights-conforming standards.” – Ann Cathrin Riedel

When asked about her stance on the role of technical standards in a digitalizing world, Ms. Riedel pointed out two key aspects.

First, she stressed the politico-economic role standards played in a constantly changing world, and how control over standards translated into control over markets. Second, she pointed out that an ethical digitalization that conformed with the Western understanding of human rights, depended on functioning ethical standards.

“Technical standards define how the world works.” – Christoph Winterhalter

In conclusion, some panelists argued that tech standards were becoming a political issue. They emphasized the need for ethical considerations in establishing tech standards, and they urged that there needed to be a political debate on this issue. Regarding how to deal with China, they argued that transatlantic sovereignty was needed, not just European sovereignty.



Spotlight Talk: “The Transatlantic Partnership in a Changing World: Trade and Tech in the G7 and the G20”

Dr. Jörg Kukies: State Secretary, German Federal Chancellery

Moderated by Sascha Tamm, Head of Unit North America/Latin America, Friedrich Naumann Foundation for Freedom



During the final spotlight talk of the conference, Dr. Kukies and Mr. Tamm engaged in an in-depth discussion about the work of the G7 and the G20 as well as their respective roles in regulating trade and technology in a changing geopolitical environment.

“Our current level of cooperation in the G7 is remarkable and the result of intensive cooperation and coordination. We should not get the impression that all the work of the G7 is done.” – Dr. Jörg Kukies

In light of the enormous humanitarian crisis which Russia’s invasion had provoked, Dr. Kukies reaffirmed the commitment of the G20 to humanitarian action and support. Germany would support Ukraine in its fight for national self-determination and territorial integrity as long as it took. Regarding the countries which had not signed the UN resolutions condemning Russia’s war against Ukraine, Dr. Kukies argued that the G7 worked hard to convince these countries to join the efforts of the “West”.

On the conference’s key themes, trade and technology, Dr. Kukies echoed the sentiment that both areas were deeply interconnected and had a great impact on national and international security. He rejected narrow understandings of security, expressed purely in military terms, and argued in favor of a holistic view. While he expressed an overall optimistic outlook for the work of the G7 and the G20, Dr. Kukies also highlighted some areas in which cooperation and coordination still needed further work.

One of these areas was how to deal with China. Dr. Kukies suggested that relations with China should not be viewed entirely in negative terms. Cooperation was necessary when it came to today’s global challenges such as climate change and the fight against pandemics.

At the same time, he underlined that Germany should diversify its supply chains and reduce one-sided economic dependencies. He went on to argue that the G7 showed impressive solidarity when dealing with Russia but struggled with the formulation of a common stance on debt relief. This was more important than ever as many countries of the Global South wrestled with high levels of debt as a result not only of the Covid-19 pandemic but also the food crisis, following Russia’s invasion of Ukraine.

“While we clearly condemn Russia’s war against Ukraine, we are also committed to minimize this war’s impact on the Global South.” – Dr. Jörg Kukies

Dr. Kukies emphasized that strengthening democratic values and cooperation would only increase in importance going forward. Regarding the role of the EU, he stressed that interactions with the Global South required flexibility and willingness to compromise. He also argued that the EU needed to make the Global South honest offers. “Following a policy focused too much on free trade with regards to commodities and raw materials is often perceived as extractionist in the Global South,” he warned.





Panel Discussion 3: “Transatlantic Relations: New Global Partnerships for Sustainable Infrastructure and Supply Chains”

Dr. Andreas Audretsch: *Member of the German Bundestag, Bündnis 90/ Die Grünen*

Tony Fernandes: *Deputy Assistant Secretary, U.S. Department of State*

Emanuele Frezza: *EU Affairs Manager, UPS Europe*

Stefan Rouenhoff: *Member of the German Bundestag, CDU*

Marie-Christine von Hahn: *Vice President Corporate External Affairs, Aurubis*

Moderated by Dr. Stormy-Annika Mildner, Executive Director, Aspen Institute Germany

At the heart of the final panel of the conference stood sustainable supply chains and the different strategies to address social, security, and sustainability questions related to trade. The discussion started out with the question how each participant understood the term “sustainable supply chains”. Ms. von Hahn, for example, emphasized the need for a greater diversification and better division of labor along supply-chains, while Dr. Audretsch focused on the human rights and environmental aspects. Mr. Frezza pointed out the need for trade facilitation and the elimination of barriers, which would also benefit poorer countries.

“The fragmentation of the global economy would result in enormous economic costs and disrupt our current modes of trade and exchange.” –

Emanuele Frezza

The panelists agreed that a re-thinking of global value chains was needed. Thus, supply shortages caused by the COVID-19 pandemic, Russia’s war of aggression against Ukraine, and recent cyberattacks – including those on

Kaseya and SolarWinds – had raised significant questions about the resilience and sustainability of global supply chains as they existed today. Therefore, the panelists agreed that dependence on individual markets and suppliers – in particular in autocratic regimes – came with great risks. In addition, they pointed at the risk of supply chain interruptions due to severe weather events. At the same time, forced labor and human trafficking remained endemic problems in many supply chains, and the environmental footprint of these chains continued to be immense.

“A modern trade agreement for me is a trade agreement that we can ratify quickly, without bureaucracy or unnecessary red tape.” –

Stefan Rouenhoff

The panelists pointed out that global partnerships aimed at addressing each of these issues existed, but solutions remained elusive. In the long term, building more humane, sustainable, and resilient supply chains required a close and sustained collaboration between global partners that integrated lessons from diverse stakeholders, including government leaders, human rights experts, and supply chain professionals.

“Due diligence laws will increase costs, but we should keep the long-term vision in mind, as the resulting supply-chains will be more secure and humane.” – Dr. Andreas Audretsch

In this regard, Dr. Audretsch made the case for more transparency in supply chains. While he acknowledged that tighter due diligence requirements would result in higher costs in the short term, he also made the case that supply chains would become much more secure and sustainable in the medium and long term. Mr. Rouenhoff raised the question whether national due diligence laws were the right way, ar-



guing that an EU-wide approach would be preferable. He agreed with Ms. von Hahn that smaller and medium sized companies struggled with implementing the German Act on Corporate Due Diligence Obligations in Supply Chains, making the point for more support for SMEs.

“Supply chains are a crucial tool to enable each international partner to do what he is best at, to divide labor and improve efficiency.” –

Marie-Christine von Hahn

The panelists also discussed the future of bilateral trade agreements. There was a general consensus that such agreements were necessary to open markets abroad and ensure a rules-based trading system, in particular in times in which the WTO struggled to deliver on trade liberalization, rules-setting, and dispute settlement. The panelists disagreed, however, on the content of future-proof trade agreements. While Dr. Audretsch made the point for comprehensive agreements with a greater focus on sustainability issues, Mr. Rouenhoff warned against overloading trade agreements, warning

that these would be hard to negotiate with partners in the Global South.

Lastly, the panelists discussed infrastructure, agreeing that this was an issue which called for more attention. As such, they pointed at the huge global infrastructure gap and financing needs, especially in countries of the Global South for both soft and hard infrastructure. In this context, they discussed the European Strategy Global Gateway, which was to boost smart, clean and secure links in digital, energy and transport and strengthen health, education and research systems across the world. While this sounded good on paper, it now also had to be put into action, the panelists underlined.

“Good trade agreements are not only inclusive; they need to be achievable. Negotiating comprehensive agreements depends on a solid mutual understanding of the interests and possibilities.” –

Tony Fernandes







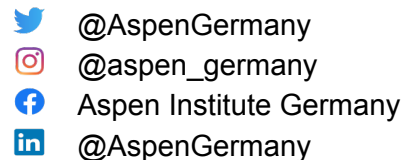
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The summary represents a collection of the points raised by the participants. It does not necessarily reflect the position of the author or the Aspen Institute Germany.

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