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“Building Transatlantic Resilience: Navigating Challenges and Strengthening Global Leadership”

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Last time we met in Washington in July 2022. That year is behind us and I do not know anybody who would regret 2022 being gone. And this year continues to be busy and challenging with a lot of uncertainty ahead.

What we know for sure is that we don't live in a world of a global convergence around universal values close to our transatlantic hearts. The unlawful invasion can be seen as a first battle ground in a long struggle between dramatically opposed political systems.

Let me say few words about Europe. I would insist that for years now we have seen Europe in action. Reforming itself deeply. Even though some of us would go deeper. Triggering unprecedented regulatory and policy changes to single market, financial sector, economic governance, common currency, energy and digital markets, and building a comprehensive, climate related cross cutting framework.

I would also say we don't do the change the usual way - incrementally, step by step, solving pressing problems. Current changes are driven by long term vision and pivot to a different world.

We seem to have given up the introverted, self-centered Europe. Putin's aggression made us give a hard look to the way we implement enlargement and neighborhood policies, to our long term energy policy, to the security dimension of European integration, including economic security. We made strenuous efforts to cut off Europe's dependency on Russian fossil fuels, now being careful to avoid new switching addictions, including to Chinese critical raw materials.

I would say Europe is looking and moving forward. We have been working for a while now on the Ukraine's accession to the EU. We have been working shoulder to shoulder with US and the rest of the democratic world to help Ukraine. And it is a good news to see Ukrainian leaders who understand the need of deep transformation of the country into a democratic, participatory space , with working public institutions and open, pluralistic political space.

The path for Ukraine is clear. It is Europe.

As the contest between democracy and autocracy has become a defining challenge of our time, Ukraine in EU will mean an enlarged space of democracy in the world. It is important for transatlantic partnership. It will make transatlantic partnership stronger vis-a-vis China and other authoritarian powers. War will be won. But there will also be many difficult moments when it comes to the post war reconstruction of Ukraine. Unlike it was in case of Marshall fund, when there was one donor, funds will be coming from many international sources to a variety of worthy projects. Investments will come with a lot of associated financial risk. The whole process will have to be extremely carefully planned, organized, monitored and embedded in a well designed tailored made legislative framework corruption and fraud proof. Ukrainians understand it and it is well taken by them.

The transatlantic economy now finds itself in an environment of evolving global dynamics with a strong geo-strategic dimension. It has proven to be remarkably resilient despite the Russian aggression, pandemic, supply chains disruptions, dramatic shifts in energy supply chains, high inflation, the tightening of financial conditions and tensions with China.

It is the most interconnected, robust and resilient commercial artery in the world. And it runs very deep. Last year US and EU companies broke historic record in trade in goods, in particular in comparison with EU-China and U.S.-China trade flows. 64% of global investment into the US comes from Europe. 61% of US global investment goes to Europe. This is two-thirds of global foreign direct investment stock. Our two economies are also the biggest service economies of the world. Our trade in services is 6 times bigger than the one between EU and China. And my favourite data that I never hear from our politicians are about jobs. Transatlantic relations generate 16 million jobs on both sides of the Atlantic.

In the current geo-strategic context it is not only economic strength that matters. EU and US share fundamental values - democracy, human rights and the rule of law. The aggression on Ukraine showed those shared values in action.

Today, various flows build and accelerate globalization. A closer look shows the role of clean technology, sustainability efforts, security concerns, changing business models and geopolitical concerns in reshaping our relationship. The global narrative is being reset. There are policies leading to strategies around “de-risking” and decoupling. We seem to be moving from a logic of cost efficiency to investments based on resilience and security considerations. There are risks there. I would say that if we are serious about a truly strategic de-risking, the challenge here is to make resilience based on security considerations also cost efficient. The best path for that is technology.

While EU and US share a common understanding of those threats, we tend to choose different policy paths to respond to them. The US is more prone to seek bilateral partnerships with like-minded countries, the EU chooses to root its policy response in the multilateral rules-based framework, with the WTO at its helm. Both, EU and US, seem to increasingly appreciate opportunities opened by plurilateral frameworks.

For the EU and US demonstrating leadership at global level is important. We see it at OECD, G7, G20, we need to do more together in global standard setting bodies. We probably all also agree that in the ongoing technological race against China, we need to assert transatlantic technological leadership to ensure that future technologies and standards will be aligned with our democratic values respectful of human rights. It is the fact of life that we have difficult and sophisticated relations with China. And neither US nor EU have level playing field in relations with China. And the way to increase our resilience in this race against China is to strengthen the ties between ourselves.

Our approaches to main challenges should be mutually supportive. We established the Trade and Technology Council to be forward looking, fit for the future, focused on opportunities. We launched many work streams. We have planted a lot of seeds. Behind TTC there is a strong political commitment. There is stakeholders’ engagement.

It is true that the current geopolitical environment is complicated. So it is important to have a strong EU-US partnership on what matters most : technology, climate and trade. TTC helps to build it.

Thousands of businesses have invested in this relationship, millions in US and EU are dependent on it. Our duty is to nurture it and develop it. That is why we have to work together on the reform of WTO. If we do not, it will not get fixed, and there will be across the world a power based trade that never produces win-win outcomes.

With trade flows of the size between EU and US, it is normal to have divergences. We must overcome them. And we have learnt how to work on it. We must have a positive trade agenda, increase in a mutually supportive way our resilience, reduce unwanted dependencies on third countries, overcome diverging views on global framework. If we don't manage to get it all and timely in place, our consumers and businesses will suffer. We cannot afford it.