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***“The Evolving Dynamics of EU-UK-US Relations in a Shifting Global Landscape”***

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We live at the confluence of old and new challenges, in a strongly polarized world, moving toward uncertainty and instability, with a growing number of risks and threats that in years to come will not be narrowing, in the world, where the population of democratic states amounts to 17,7%.

Your generation might not feel what your parents or grandparents experienced - we are entering a new era in our history, there are existential challenges to our planet, which affect security and quality of our life.

Climate change, pandemics, vulnerabilities of digital revolution, availability of resources, inequalities impacting security and stability. This is part of our world. And we are back to historically well known competition between major powers - democracies and authoritarian regimes - which weakens multilateral system, undermines international law, generates power based trade flows which do not lead to win-win situations, but to growing fragmentation. The Russian aggression is a symbol of what a polarized world can mean.

To navigate through those threats to security and peace, an assertive democratic alliance is needed, one that could be a catalyst for moving toward peace and security on a global scale. There is no a single power that could become a trigger of such a rebooting of global trends. There is a space for Europe in such alliance, and we are serious in understanding our role in pushing in this direction.

There is a long list of things that can be provided by the EU through our own policy choices and improved capacities to act, and through our international alliances. Two years ago we made an important step toward giving the voice to European citizens, combining the representative democracy with the participatory one. What I have in

mind is the Conference on the Future of Europe, an effort to bring European citizens and the European Union closer in shaping our future. The idea of European public goods is back in our reflection on governance and strategic policy choices. Some of them can be delivered at European level, some can be the outcome of close cooperation. Indeed, there are public goods at all levels of governance, including the global one.

Change is well known to the European Union. Actually, the European integration has always been a process of change, big and small, in response to external and internal challenges. It has never designed its *finalité politique* - according the Treaty it is very clear - we are building toward an ever closer Union. The Union has been changing through enlargements, each of the seven so far has brought into the European reality something new and different. The integration embraced the South of Europe, and then the East. Actually, the Eastern enlargement continues, revived after many years of enlargement pause.

A week ago Commission presented an enlargement package, with the lists of ten countries, from Ukraine to Turkey. The Russian aggression on Ukraine has triggered what we tend to see as geo-strategic enlargement. The war has accelerated opening the accession path for Ukraine and Moldova. Now, we need to show as quickly as possible to Putin what is our preferred international political order on the continent. The European Council decision of June 2022, inviting the two countries onto the path toward accession was the rational geo strategic option which, at the same time, maintained the principle of merit based accession.

This decision on future enlargement path has far reaching consequences. In reality, it triggers several interlinked processes of change. And we do not have the luxury of structuring them within a time line that assumes sequencing. We need these processes to be realized in parallel. They are interlinked, they are political in nature but have a strong content with impact on the life of current and future European citizens. New enlargement perspective has to include as well the completion of the Western Balkans accession. It still requires a unanimous decision of the European Council, expected in December. Another challenge is related to well and broadly understood need for both parties to be ready, to review of EU policies, to consider institutional reforms, maybe even Treaty change, carry on negotiations, consider

enlargement in the context of decision making on Multiannual Financial Framework 2028-34.

For years now the Union has been changing through more strategic approach to policy choices, the way we finance our investment, starting with post pandemic debt issuance, shifting business model, moving away from the one based on cheap energy, energy intensive economy, moving toward investment based resilient efficiency and sustainable competitiveness, moving away from dependencies on Russia while avoiding switching to dependencies on imported critical raw materials, and last but not least advancing on double, green and digital, transition. For some years now a wave of reforms has been unfolding in the areas of financial services, capital market, macroeconomic governance, international role of euro including the digital euro, etc. More attention has been paid to the social dimension of the integration. Efforts to add participatory democracy dimension to the European democracy could be seen in the Conference on the Future of Europe. Ensuring a stronger global role, strengthening our capabilities to build globally relevant alliances in this world of geostrategic polarization has been on the top of our agenda.

Growing importance of transatlantic relationship is not only about our bilateral relationship but also about influencing the world globally. The EU and US need to continue demonstrating leadership at a global level by strengthening our ties to send a strong signal of a united democratic world. It should be clear that if we stand shoulder to shoulder our global agency can be more effective.

After years of dysfunctional relations under Presidency of Donald Trump, since the beginning of 2021, the relationship has been restored. Some irritants created by the Trump administration were solved with dialogue and willingness to cooperate.

Difficult negotiations regarding Global Sustainable Agreement on steel and aluminum continue, with solutions to potential tariffs on imports from excessive capacity countries, but we need more negotiations to agree on the way of decarbonization of the trade.

The agreement on Critical Raw Materials to allow European companies to qualify for credit subsidies under the IRA has not yet been finalized. The issue of WTO reform, in particular the dispute settlement system, is still ahead in the context of WTO Ministerial Conference in 2024.

Finding a common position on China is a mutually supportive effort as both, the EU and the US do not have a level playing field with China. Responses to technological race, global standardization challenge, the use of trade defensive instruments are based on shared concerns, still often different approaches. Europe's problems, strong dependencies with weaponisation risks, damaging distortions of competition lead to keeping the channels for communication with China open. In mid-2021 we established a solid foundation for stronger, predictable EU-US partnership, covering within the framework of its ten Working Group, a long list of future proofing shared challenges. It is not clear whether the platform is institutionally future proof to survive potential change of the US administration in 2024. The Trade and Technology Council is also a good platform to confront China's geo-economic challenge. The EU and US are thinking of having the December 5th and Spring 6th session of the TTC before the elections on both sides of the Atlantic, hopefully with a stronger focus on trade issues.

Being in the UK, I feel tempted to say a few words on the EU- UK relationship after the UK left. Brexit is perhaps the first known situation in the modern history when an advanced economy leaves a privileged trade agreement. It cannot be a surprise to anybody that Brexit has had lasting consequences. As you know, the expected by many a domino effect in Europe did not happen. Rishi Sunak is the fifth UK prime minister since the referendum - which is probably a proof of political complexity of the issue. Opinion polls have shown for a while a majority of British citizens that recognize Brexit as a mistake.

UK became one of the third countries - however, rather incomparable with others. We talk about a large economy, a large market in close proximity, a former member state with strong ties to the EU with myriad ties in almost all areas of life, operating at the time of exit in accordance with EU laws, norms and standards.

Two agreements were negotiated - the Withdrawal Agreement, including the Northern Ireland Protocol and the EU-UK Trade and Cooperation Agreement (TCA). Both include mechanisms for managing the agreements and resolving potential conflicts. The TCA which entered into effect on January 1, 2021, covers many policy areas in a single text. Looks exceptionally robust when compared to other EU FTAs, but at the backdrop of previous status of full membership is a source of growing cost of economic relations with the EU. Talking to the British Chambers helps to

understand the situation of those affected by Brexit. The TCA does not cover defense and foreign affairs cooperation, because back in March 2020, just before starting to negotiate the TCA, UK government refused to open the draft prepared by the EU. The war in Ukraine shows both the interest and real involvement of the UK in supporting Ukraine. We are also cooperating within the G7 and G20. The Labour Party has already announced the need to look anew at the need of more formalised relations in the area of foreign and security policies. Equally excluded from the TCA is the financial sector.

TCA limits negative consequences of UK withdrawal from the Single Market, Customs Union and other spaces of cooperation with EU. Institutional framework for the implementation is in place. Annual reports on implementation sound positive.

EU-UK Parliamentary Partnership Assembly will have its fourth meeting beginning December prove useful but should have on the agenda more debates on inefficiencies of the relationship. We should spend more time on the TCA and Windsor Framework implementation. We continue to diverge on the involvement of devolved territories in our debates. There are domestic advisory groups, composed of NGOs and EESC as well as the Civil Society Forum involved in the process. I strongly regret the absence of youth issues in the TCA, limiting exchanges on their importance, projects, dialogue, mobility. There is change regarding the lack of political will on the UK side to continue their involvement in the Erasmus plus, instead Turing scheme was created. For most of us the issue of youth mobility is of fundamental importance, we hear how school trips are hindered by UK entry rules, including visas. This is an area for political rethinking.

We all remember problems that emerged during first years after the UK withdrawal, in particular related to the Northern Ireland Protocol. EU was strongly involved in using fully practical solutions within the flexibility mechanism generously present in the Withdrawal Agreement. UK governments, instead, sought, through launching twice legal acts, to give powers to ministers of the government to undermine internationally agreed treaties through unilateral measures. The response of the Union were infringement procedures. With new government constructive negotiations took place. Windsor Framework replaced the NIP.

It opened the door to new opportunities for cooperation. Still, trade outside the internal market and customs union means many barriers and a significant increase in costs, in particular for small businesses. As they do not follow the changes in the Union acquis, they complain about the unpredictability of the regulatory environment. This issue should find a solution.

While Retained EU Law has a list of 800 (of more than 3000 legal acts), to be erased from the UK rule book by the end of this year, this law as well as TCA does not cover financial services. Memorandum of Understanding was negotiated back in 2021 with a view to establish a Joint EU-UK Financial Regulation Forum, a platform to facilitate structured regulatory cooperation in the area of financial services in four main areas: exchange of views on regulatory developments, transparency and dialogue on equivalence decisions, exchange of views on market developments and financial stability issues, and cooperation and coordination in international bodies. The entry into force of Windsor Framework, has opened the door to move forward not only on associating UK in the Horizon Program, but also finally agree on the Memorandum and Joint Forum. Good cooperation follows in many areas of structural dialogues, including transport, energy, fishery, citizens, AI, climate.

The Labour Party, envisaging its next year electoral victory, is pointing to its intention to use the 2026 review of the TCA to launch a debate with the EU on issues including sanitary and phytosanitary area, mutual recognition and conformity assessment, professional qualification recognition, youth mobility and security. This is not seen positively by the EU side as going beyond what this TCA implementation review is designed for.

There are numerous studies linking the withdrawal from Single Market and EU Customs Union with UK slowdown in growth, economy's vulnerability to external shocks and structural weaknesses of the British economy including productivity and investment potential. The British economy has always been more dependent on exports to the Union than the Union on exports to the UK. For 45 years, before it decided to take the control back, it had been operating in the world of the same standards. Unfortunately, not any more.