

The background of the top section is a photograph of the White House in Washington, D.C., partially obscured by a semi-transparent purple overlay. The text is overlaid on this purple area.

ASG Analysis:

Overshadowed by Foreign Policy Crises, EU-U.S. Summit Fails To Deliver Any Trade Wins

Key takeaways

- Despite the warm atmosphere and strong personal ties between President Biden and EU leaders, the EU-U.S. summit delivered few noteworthy deliverables on tricky trade and economic issues. Talks on an agreement on sustainable steel and aluminum and separately on critical minerals were punted, leaving little new to announce. Consequently, the main point of the summit was the summit itself – to affirm transatlantic unity amid unprecedented global challenges.
- Unsurprisingly, leaders' discussions were completely overshadowed by the ongoing conflicts in Ukraine and Middle East. The summit reaffirmed shared commitment to continue support for Ukraine while holding Russia accountable for the war. In the Middle East, they reaffirmed support for Israel but also the need to protect Palestinian civilians and ensure humanitarian access in Gaza. For the EU, which has struggled to maintain a unified message on the conflict in the Middle East, the summit was a test that it passed.
- While the summit was very high on the EU's wish-list, it also illustrates the Biden administration's perception of the EU as a key global partner on a range of foreign policy, economic, and technology issues. However, the window for making progress on transatlantic cooperation is shrinking. Thus far, it does not appear that the specter of a post-election return to less productive transatlantic ties in 2025 is jolting the two sides to lock in deals to demonstrate progress and provide guardrails against future political disruption.

Background

Much has changed in the external environment since the last EU-U.S. summit was held in mid-2021 in Brussels. Back then, a newly elected President Biden promised to revitalize ties with the EU establishing the much-heralded and ambitious Trade and Technology Council (TTC). While relations have remained strong since, several developments—including European reluctance to be too hawkish on China and the “snafus” of limited consultation on Afghanistan and AUKUS

agreement—dampened enthusiasm for the transatlantic reset. However, Russia’s invasion of Ukraine brought the U.S. and the EU closer together, with close coordination between Washington and Brussels on sanctions, assistance to Kyiv, and diplomatic outreach to the Global South.

Despite the warm rhetoric, gradual progress on technical alignment in the TTC, and stronger coordination on security and foreign policy, the current irritant in the U.S.-EU relationship is the same as it has been for a long time: trade. The passage of the U.S. Inflation Reduction Act (IRA) in mid-2022 only exacerbated the irritation. The initial [shock of the IRA](#) has led to a gradual European embrace of its own [industrial policy approach](#) (albeit with limits) and the EU has relaxed its concerns about the threat posed by the bill’s more protectionist measures, particularly on electric vehicle (EV) tax credits. Ongoing discussions between the EU and the U.S. around an IRA-compliant critical minerals agreement would, if successful, further help ease of the pressure. In fact, the greatest concern for EU officials is sprawling Chinese green subsidies, which pose a larger threat to European competitiveness than the U.S. Hence, the recent EU announcement it is launching investigations into Chinese EV and windmill subsidies (with possible solar and steel ones to follow).

Another longstanding, unresolved dispute is the Trump-era Section 232 tariffs on steel and aluminum. Transatlantic cooperation managed to temporarily suspend the tariffs in 2021, but a permanent solution has remained elusive, despite intention from both sides. Cooperation on steel and aluminum is a test-case for transatlantic cooperation on several fronts: boosting manufacturing at home, pushing out heavily subsidized Chinese metals, and promoting the green transition. The talks have manifested into a push for a green-steel club with likeminded partners, dubbed the Global Arrangement on Steel and Aluminum, which would place tariffs on “non-market” producers like China while ensuring that U.S.-produced steel and aluminum would not be subject to new import tariffs under the EU’s new flagship Carbon Border Adjustment Mechanism (CBAM).

On foreign policy, Russia’s 600+ day war in Ukraine continues to dominate transatlantic discussions. The Biden administration has found a partner in the EU on financial and humanitarian aid as well as sanctions; while the EU has a more limited military role, it has found a newfound role providing direct military assistance to Ukraine. Given turmoil on Capitol Hill, European officials have grown more concerned about continued U.S. support for Ukraine and what it means for Europe’s own support for Ukraine in the medium to long term.

Meanwhile, the conflict between Israel and Hamas has taken over much of the foreign policy agenda. Both the EU and the U.S. have sought to balance their unwavering support to Israel with expressing concern for Palestinian civilians and the need to ensure humanitarian access in Gaza – though the EU initially struggled to maintain a coherent position. Both EU and U.S. officials are concerned about the Israel-Hamas conflict escalating into a wider regional confrontation in the Middle East and are coordinating closely on the diplomatic response.

Lastly, on China, Washington increasingly sees the EU as a key partner for dealing on trade and technology issues, even adopting the European Commission’s language on “[de-risking](#)” from China rather than “decoupling.” However, the Commission’s proposed economic security strategy—that includes beefed-up FDI screening measures, new outbound FDI restrictions, and new export controls on sensitive technologies—has been met with skepticism from member states such as Germany who are uncomfortable being too confrontational and are hesitant of aligning too closely with Washington for fear of triggering Chinese retaliation.

A foreign policy-dominated summit

In a first sign of a less-than straightforward summit, the EU's delegation sprawled in the weeks leading up to include both President von der Leyen and Council President Charles Michel as well as three commissioners. Illustrating the awkward dynamics between the EU's two leaders, von der Leyen and Michel each held their own separate private meetings with Biden before joining together with Biden for a joint meeting. Von der Leyen is seen by Biden and his advisors as a strong interlocutor, staunch trans-Atlanticist, and partner on confronting China, with Biden keen to see her reappointed next year.

As expected, leaders' discussions centered mainly around foreign policy issues in Ukraine and the Middle East, leading to limited attention to trade issues at the dismay of working level officials. Notably, the carefully crafted [communiqué](#) covered foreign policy issues first—aiming to minimize U.S.-EU differences on Israel by condemning Hamas, stressing the dire humanitarian crisis in Gaza, and working to prevent regional escalation—symbolizing the summit's overall tenor of addressing ongoing crisis over long-term problems. In her [public speech](#) in Washington, von der Leyen echoed Biden's comparison between Russia and Hamas and pledged continued strong support to Ukraine and Israel.

Expectations that the summit would deliver some wins on key trade issues fell flat. No new deal or agreements were announced on steel and aluminum or critical minerals. The joint communiqué simply stated that “we look forward to continuing to make progress on these important objectives in the next two months”, meaning that talks will continue but have yet to reach the goal line.

Key Summit Outcomes

Ukraine: The two sides pledged continued “unwavering” support for Ukraine “for as long as it takes” against the backdrop of a shared assessment by Western security officials that Russia's war is likely to drag into 2025 and possibly beyond. Given uncertainty about continued U.S. funding for Ukraine, Biden administration officials hoped to use the summit to reassure EU counterparts that Washington's support is not on the line. The night before the summit, Biden gave a rare, live Oval Office address pledging \$60 billion in support for Ukraine (as part of a larger \$105 billion package) that would seek to lock in U.S. assistance into 2025. Speaking at a think-tank in Washington during her visit, von der Leyen pledged to “double down” on financial and military support for Ukraine in what was clearly a message aimed at Congressional Republicans.

The communiqué also noted that the EU and U.S. will continue to “explore” how to make use of seized Russian sovereign assets to fund Ukraine reconstruction projects, something that U.S. officials have become gradually more open to in recent months while the European Central Bank remains more cautious for fear of causing financial instability. No new Russia sanctions were announced as the EU is still working to find internal agreement for its 12th EU sanctions package. The statement did pledge further work on sanctions enforcement of third parties who help Russia evade the sanctions, a timely topic in light of the recent discussions in Beijing between Presidents Vladimir Putin and Xi Jinping about “deepening China-Russia relations”.

China: The two sides clarified they are not “decoupling or turning inwards” but rather seek “de-risking and diversifying” in order to promote economic resilience. But the EU side walked back some of the language on technology restrictions it has previously signed up to at the G7 summit in May. Highlighting different priorities between U.S. and EU officials, the statement referred to the Biden administration's new outbound investment measures as “necessary to complement its existing economic security toolkit”, while it only made a reference to the EU “exploring” whether

such measures “could” serve the same role. Despite a push by Biden officials, this gap reflects pushback from certain member states over von der Leyen’s economic security agenda and a prevailing skepticism about aligning too closely with Washington on China.

Steel and aluminum: Despite last minute efforts by negotiators, the Biden administration resisted EU calls to permanently lift all tariffs, likely for fear of alienating labor unions in crucial Midwestern swing states ahead of next year’s election. Instead, Biden officials suggested a snap-back option that the EU duly rejected. The goal is still to try and reach agreement by the end of the year to single out China as part of a new green steel club, but more work is clearly needed to get there. The EU is concerned that a failure could result in the U.S. reimposing tariffs, something U.S. officials deny. While EU officials have privately criticized the Biden team for digging in their heels, it is equally true that the EU did not have much to bring that could have helped to forge a deal. Since the issue is unlikely to get any easier to resolve, the most likely outcome is another punt, as neither side is interested in a tit-for-tat tariff war in an election year.

Critical Minerals: Similarly, no agreement was reached on critical minerals, despite cited negotiation progress on allowing tax credits for EVs that uses EU-produced minerals like cobalt, graphite, lithium, manganese, and nickel. U.S. insistence on a rapid inspection system of mines and processing of critical minerals in Europe was too difficult for the EU to swallow and would likely require approval by the 27 member states, a process that can be long and tedious. However, since the EU also needs critical minerals for its own EVs, talks between the EU and U.S. also center on how to work jointly to reduce dependence on China in the EV battery supply chain and increase investments in new minerals projects in resource rich countries such as in Africa and Latin America. But no progress on such talks was reported though officials are privately more upbeat that a deal can be reached in the near future.

Technology: Earlier speculations that the TTC would be folded into the summit were abandoned, with the next TTC is now scheduled for December in the U.S. While this deprived the summit of meaningful discussions on digital and technology issues, it also relieved officials from having to develop a series of new deliverables for the flailing TTC format. The communique mentioned AI risk and trustworthiness and pledged to endorse the G7 code of conduct for AI.

What to watch

While the EU and U.S. have managed to stay remarkably united over the past three years against the backdrop of Russia’s war in Ukraine and other geopolitical challenges, it is less clear what meaningful changes they have actually achieved to help protect the transatlantic partnership from disruption should a populist leader emerge on either side of the Atlantic in 2025. A return of President Trump in the White House would almost certainly give rise to renewed calls in Europe for doubling down on strategic autonomy and reducing foreign policy reliance on the U.S. In a sign that the EU is aware of the political dynamics in the U.S., EU leaders also spent time in bipartisan meetings on Capitol Hill and von der Leyen choose to deliver an address at a conservative-leaning think-tank while in Washington.

It is certainly possible that a reelected President Biden could have more flexibility on trade, though the protectionist U.S. approach to trade is likely to be a bipartisan fixture that outlives both President Trump and Biden. This observation likely feeds into the EU’s own decision making – why agree on a deal with Biden on steel that could undermine the EU’s commitment to the World Trade Organization (WTO) if a new U.S. president in 2025 would just rip up such a deal.

The next meeting of the TTC will take place in the U.S. in December (location still to be determined), with a final sixth meeting occurring during the Belgian EU Presidency in March before the EU legislative cycle grinds to a halt in the lead up to the European Parliament elections in June. After that, the format's future will be up in the air, either fizzling out or reviving as a tool for incremental progress. The TTC remains the premier trans-Atlantic talk shop, moving slowly but steadily on technical standards, supply chain security, and green tech. While the format has exasperated industry stakeholders with its glacial pace and limited avenues for feedback, it has delivered consistently: its landmark voluntary AI code of conduct has been elevated to a G7-level discussion, showing a model for future TTC-G7 synergies. However, as always with TTC, the format is less geared toward summit-style major announcements but rather incremental progress in the various working groups on existing files.

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