



Prospects for U.S.-EU Tech Cooperation

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The European Union is strengthening tech cooperation with the United States through the recently appointed Trade and Technology Council, among others. New transatlantic projects and greater coordination in areas such as artificial intelligence (AI), securing supply chains, and cybersecurity are elements of a broader strategy aimed at competing with China on technology. The biggest challenge for the EU and U.S. will be in coordinating their policies towards large tech companies, including planned European competition legislation for the digital market that will impact American firms.

The Trump presidency contributed to a deterioration of political and [economic relations](#) between the U.S. and the EU. The growing American economic protectionism was a factor that mobilised the EU to turn to the concept of “technological sovereignty”. The 2020 [EU digital strategy](#) defined it as a means of increasing the Union’s capabilities to produce technology and shape global standards in the digital economy. The election of Joe Biden provided a change in U.S.-EU relations. Especially important is the evolution of the current U.S. administration’s approach towards big tech, expressed through increasing Federal Trade Commission anti-monopoly powers and in other ways. The strengthening relations aims to counteract the attempt at domination of the digital sector by authoritarian states. The cooperation will evolve within the framework of the Trade and Technology Council (TTC), established in June 2020 during the [U.S.-EU summit](#).

Areas of Deeper Cooperation. The bilateral TTC is a means of coordinating common tech standards in key areas, for example, in the internet of things (IoT), internet security, and civil rights. Digitalisation is regarded by both the U.S. and the EU as a tool for modernising their economies—in 2020, turnover in digital services increased by 9% and 4% of GDP, respectively—while regulating the market is seen as the key to future growth.

The launch of the EU-U.S. dialogue will enhance the execution of competition laws towards the largest digital companies. Currently both chambers of the U.S. Congress are pursuing bipartisan efforts aimed at the regulation of competition law in

the digital marketplace. In June 2021, the House of Representatives Judiciary Committee presented a package of five laws in this regard. The proposed legislation is similar to [EU proposals for regulating the digital market and services](#) presented by the European Commission (EC) in December 2020.

The U.S. and EU are also striving to tighten collaboration on AI, with the goal to counteract China, among others, which aspires to be the [global leader](#) in this sector by 2030. In April 2021, the EC published its [project for regulating AI](#), which was positively evaluated by the Biden administration (e.g., by National Security Adviser Jake Sullivan). The “President’s AI plan” focuses on investments aimed at [modernising U.S. infrastructure](#) in part through research and development worth \$300 billion, which will open the field to cooperation with the EU. Furthermore, both sides committed to broadening their scientific partnership, exchanging experts or information and research experience.

Key for President Biden is increasing security cooperation, especially to counter Chinese or Russian cyberattacks. Threats in this are growing both in Europe and the U.S. In 2021, Russian hackers conducted ransomware attacks on the food processing sector and critical energy infrastructure in the U.S., while a Chinese group launched a cyberattack on Microsoft e-mail servers that impacted entities throughout the world, including the EU (e.g., the European Banking Authority). The Biden administration will tighten cooperation with its European partners in other areas, including countering

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disinformation and hybrid threats through the existing EU-U.S. cyber dialogue.

Challenges. The U.S., however, is critical of European plans for regulating the digital market that impact American tech corporations. EC proposals contain a series of duties and limitations on the world's largest, mainly American, internet platforms (e.g., increasing transparency in data governance with the goal of protecting user rights). Even before the signing of the memorandum of understanding on establishing the TTC, a statement by the U.S. National Security Council to EU institutions warned against an anti-American undertone in the planned European legislation that could harm transatlantic relations.

Negotiating a common understanding over personal data transfer and governance will be difficult. In July 2020, the Court of Justice of the EU (CJEU) issued a ruling invalidating the "Privacy Shield" agreement, through which it was legal to send and store data of European users (e.g., Facebook) on U.S. territory. The CJEU stated that the agreement did not ensure enough personal data security because American laws provide broad access by the government to data stored by domestic companies. Contrary to political announcements, no new version of the agreement was prepared. The lack of consent over privacy policy principles limits the possibility of data exchange and also increases the operating costs for transatlantic businesses. Even though Biden issued an executive order in July 2021 to develop standards for monitoring the process of public data management by digital giants (Apple, Facebook, Amazon, Google), this effort has not been enough. European organisations defending privacy rights argue that the incompatibility of the legal systems on either side of the Atlantic make it difficult to work out a compromise to replace the invalidated Privacy Shield, while an eventual understanding will again be put on appeal to the CJEU.

An additional challenge to successful cooperation may be policy inconsistency within the EU, visible both in areas regulating the digital economy as well as in Member States' relations with China. On the other hand, in the U.S., where the Biden administration has significantly changed the approach to tech corporations compared to the previous administration, Congress might block far-reaching legislative changes.

Republicans in the House of Representatives are generally cautious of introducing legal changes aimed at regulating companies while Democrats are divided on this issue, revealing the power of tech companies lobbying Congress.

Perspectives. The TTC can reinforce the already deep EU-U.S. cooperation in the digital sector in at least several areas. In the short term, and given China's current tech policies, the U.S. will strive to increase collaboration with the EU in the field of security, both securing critical infrastructure from cyberattack while also protecting intellectual rights and controlling foreign investments. Successful cooperation will be dependent on the EU's capabilities to achieve internal understandings on issues such as securing 5G networks or the preferred range of options limiting the participation of Chinese firms in the EU's digital economy.

In the long term, the two sides will seek to develop compromise in the area of universal tech standards concerning AI, the IoT, and in other areas. Common agreements might contribute to globalising such solutions and may become an instrument of pressure on certain countries, especially China. Particularly important for the EU-U.S. long-term cooperation will be securing critical supply chains. For Poland, which is a leading producer of lithium ion batteries, this is especially important. Positive impacts of close tech cooperation with the U.S. will also be visible for Poland in areas of tech infrastructure, largely because of the involvement of American companies in Poland's digital economy, such as cloud storage or research and development centres.

Despite important changes in the Biden administration's approach to internet platforms, managing common transatlantic policy towards large tech companies will be difficult due to the internal policies and politics of the EU and the U.S. The latter is likely to remain critical of EU market and digital services regulation because of the perceived anti-American undertone to them, while the Americans are also likely to accelerate their legislative processes in this area, but which, under Congressional pressure, could be less restrictive for big tech than the EU's. An agreement on protecting private data given the currently incompatible legal systems also has little chance of success, thereby extending the legal uncertainty for transatlantic business.