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The US-EU Trade and Technology Council (TTC): State of Play, Issues and Challenges for the Transatlantic Relationship

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Executive Summary

The transatlantic relationship is in a moment of reconstruction that begins with coincidences in goals but comes with crucial differences in the approach to achieve them:

→ **The coincidences between Washington and Brussels are in the objectives:** (1) designing a market environment that ensures that goods and services benefit society without being captured by specific interests or rival powers; (2) reducing negative impacts and maximizing positive ones on democratic life and institutions; (3) resolving new vulnerabilities to external attacks; (4) avoiding the use of digital technologies for the extension of authoritarian powers and the weakening of the international liberal order.

→ **The differences lie in distinct perspectives:**

- The US remains based on national security, determined by wariness of Chinese ascendancy. It understands that its main advantages (also over the EU) lie in a market economy without internal barriers and capable of producing and financing growth and innovation, which is poured into strengthening military capabilities and, at the same time, with a military-industrial complex capable of sustaining and promoting constant innovations in the military field, which are then poured into the civilian economy. In contrast, the articulation of a regulatory space that ensures the benefits and limits the negative externalities of the digital market is far from being achieved.

- The EU views the digital revolution through an economic and humanist lens seeking to reduce vulnerabilities and interference rather than trying to shape a global technological order akin to its values and interests. It has become a sort of "regulatory superpower" by default due to the inertia to ex ante regulation based on shared values, especially on the privacy and data front. However, power-enhancing considerations are absent: Europe does not seem intent on creating spheres of technological influence or contesting them with other major powers. For the time being, it is limited to a quest for "strategic autonomy" that is inevitably traversed by differences in interests and perspectives among its member states: many of them, including the Netherlands, but also those of Central and Eastern Europe, Scandinavia, and Spain and Portugal, are wary of the concepts of "strategic autonomy" or "European sovereignty" being used to support a more protectionist and closed Europe and, moreover, as a way of weakening the transatlantic alliance. They also fear that some Member States, especially France and Germany, will be the main beneficiaries of EU industrial policies aimed at achieving sovereignty. This is why they have been promoting the alternative concept of **"open strategic autonomy"**.

The current attempt at transatlantic realignment is embodied by the Trade and Technology Council (TTC) effort launched last June 2021, which includes several key aspects of digital governance but leaves out some crucial lines. Together, all aspects that define the transatlantic relationship between the two actors can be divided into three 'baskets'. Here we present them with a brief exposition of what could be gained and what could be lost on each front:

→ **Markets:**

+ Greater alignment between the two sides of the Atlantic could push up these figures significantly, producing a common regulatory environment that feeds legal certainty capable of fostering consumer benefits while limiting costs and negative externalities. Common technology standards under multilateral umbrellas would also reduce trade frictions, limiting China's ability to impose its standards.

* But it should be noted that **data flows** are excluded due to the past problems the two sides faced when they tried to have their Privacy Shield agreement on data transfers accepted by the European Court of Justice. Some hope that this exclusion is intended to facilitate less visible and more discreet negotiations. But as long as there is no solution, as long as the EU maintains that it cannot compromise its "human-centric" approach to privacy and data rights, this issue is ticking like a ticking time bomb under the TTC table. Still, both powers cannot indefinitely avoid addressing it, given the legal uncertainty and associated loses it generates in the view of private actors on both sides of the Atlantic.

- Lack of agreement, especially on data flows, could increase trade disputes, discourage investment and e-commerce, leading to fragmentation of the transatlantic digital market. The US would find it more difficult to close its technology gap with China, while it would mean more clashes with US companies based in Europe. Strategically, the EU would also risk being left behind by the US.

→ **Security:**

+ Protection from outside interference is already the subject of a promising preliminary agreement between the two negotiating sides. It focuses on three fronts: (1) monitoring of sensitive investments for national security; (2) coordinated export controls on critical technologies, such as those for surveillance; (3) defence and sustainment of supply chains in key sectors, with particular attention to the vulnerability shared by the EU and the US in the availability of semiconductors. Alignment would provide efficient regimes to protect investments in critical areas and ensure that essential technologies are not exported to autocracies, help allies preserve the security of their networks and infrastructure, and guarantee them access to critical technologies.

- In the absence of an agreement, both powers would not only become more vulnerable in strategic sectors, but would also leave entire regions, such as the EU's eastern neighbourhood, Africa, Latin America and the Indo-Pacific, exposed and vulnerable to Chinese influence.

→ **Democracy:**

+ To the extent that the dialogue helps ease current tensions over the regulation of large technology companies and their services, it offers an opportunity to strengthen democracy and human rights. By sharing their regulatory tools and technical expertise with others, the EU and the United States can also shape a multilateral technology order with values-based standards that allow democracies to overcome their vulnerabilities and keep autocracies at bay, setting the bar for subsequent coalition-building and proposals in other negotiating arenas, and pushing for agreements at the multilateral, regional or bilateral level.

* Within this realm, **regulation of platforms and content moderation** constitute the most significant exclusion from the TTC. On these fronts, the EU is taking an ex ante regulatory approach embodied in the nascent Digital Services Act & Digital Market Act which contrasts with the US ex post approach.

- Despite this omission, or precisely to compensate it, the robust democratic narrative seen at the core of the TTC's launch must not be rhetorical but real. If the TTC fails to maintain it, both the EU and the United States are likely to lose public confidence in their own political systems in the long run.

  Apart from contributing to repair and deepen transatlantic relations, the TTC offers a key opportunity for the US and the EU to jointly help to set the rules of global, democratic and sustaninable technological governance

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Introduction
The geopolitics of technology

In today's world, technology is not only transforming our economies (what we produce and how we produce it), our societies (the way we relate and interact with each other) and politics (the way our institutions work, who we vote for and how electoral campaigns are run), but also power, international relations, and alliances. As states strive to safeguard their sovereignty and defend their values and interests from other power actors, they have discovered that technology is both a source of power and new vulnerabilities.

This is not a new phenomenon. Technological revolutions have always been a source of prosperity and well-being, but also tensions, inequalities, and disruptions (Vickers & Ziebarth, 2019). This time, what is new is the extraordinary increase in geopolitical tensions that technologies are bringing to international relations.

First, **the current technological revolution overlaps with a significant power transition between the US and China,** which is shaping and will continue to shape 21st-century politics and economics. Technology becomes weaponized as competition over it is central to this transition (Leonard, 2016).

Second, the current multilateral order and institutions are weak and, therefore, unable to prevent Sino-American power competition from extending to third countries and regions. A rules-based order function is to provide a forum for resolving disputes in an orderly fashion. But in the present circumstances, this order is contested and under stress, which means that it cannot make decisions accepted by all the participants. Weak or non-existent global technological governance explains why the dispute over access, control, regulation, or development of key strategic elements, such as AI technologies, 5G networks, data flows and storage, semiconductors or rare earths, has become yet another element of the tensions generated by the rise of China and the challenges it poses to both the EU and the US (Sahin & Barker, 2021).

While the US and EU are allies and share crucial values, they too have significant differences and tensions. These stem from their distinct position in the international system, specific interests and different domestic structures and politics. Variations on tech issues are first and foremost a consequence of these tensions but also a factor that could further exacerbate them, especially as both actors are striving, both at home and abroad, to deal with the economic, social, and geopolitical challenges posed by technological change.

At home, Washington and Brussels are worried about the impact of these technologies on their democratic life and institutions. They are seeking to manage the market power and influence of big tech companies to ensure the goods they deliver do not only benefit private interests but society as a whole. Abroad, they fear how digital technologies are helping authoritarian governments consolidate their grip on power, the crackdown on political dissenters, suppress free speech and increase social and economic inequalities

(Feldstein, 2019).[1] Also, they worry about their vulnerability to cybersecurity attacks, election interference and influence operations and how all these elements have led to historic low levels of public trust in social platforms and, more generally, technology.[2]

However, Washington and Brussels' views on dealing with the challenges posed by technology do not fully overlap. Because of their history and substantial power roles, the U.S. and China see the world through their experiences of how technological shifts have allowed them to acquire and sustain their geopolitical and economic power or be subjected to outside domination. On the one hand, the US sees AI and other critical technologies as a new 'Sputnik moment' and seeks to direct its military-industrial complex to maintain US military and economic supremacy unchallenged by China. On the other hand, the EU sees the digital revolution mainly through an economic and humanistic lens and has developed a defensive and inward-looking approach to the idea of strategic autonomy, seeking to reduce vulnerabilities and interferences rather than attempt to shape a global technological order akin to its values and interests (Bauer & Erixon, 2020).

> **While there is enough fertile ground for US-EU tech transatlantic relations to deal with these challenges successfully, there are also significant enough hurdles on the road to derail the exercise which deserve extra effort and attention.**

As a consequence, **while there is enough fertile ground for US-EU tech transatlantic relations to deal with these challenges successfully, there are also significant enough hurdles on the road to derail the exercise which deserve extra effort and attention.** The two most important are, first, **data privacy,** a crucial element where major differences between the EU and US visions remain. And second, **China** itself, which, for diplomatic reasons, is not explicitly referred to as a central issue, but which cuts across practically all the agendas and working groups of the TTC and on which the US and EU have long-standing differences, as many EU member states are not willing to develop a confrontational relationship with the Asian giant, as the US has.

1 China has exported surveillance technology to over 60 countries, including Iran, Myanmar, Venezuela, Zimbabwe, and others with dismal human rights records. 36 of those have signed onto China's Belt and Road Initiative, which gives them access to cheap loans to buy "authoritarian tech" from Chinese companies (Feldstein, 2019).

2 In the 27 countries regularly surveyed by the Edelman Trust Barometer (2021), the social media industry was the least trusted of 16 key economic activity sectors (from healthcare to energy to education or retail) while media organizations were seen by almost two thirds of the citizens as biased and not doing well their job.

Part I
Why transatlantic tech cooperation matters

Tech governance and tech alliances

The quest for secure access to critical technologies is creating new alliances, reshaping existing ones and reconfiguring the multilateral global order and its institutions. China has been a pioneer in this field. It has established alliances worldwide to secure access to markets and raw materials to feed its economic development and has also heavily invested in financing physical and digital infrastructures in third countries.

The Digital Silk Road (DSR), launched in 2015 as a component of the Belt and Road Initiative (BRI) (CFR, 2020), has mobilized some $15 trillion to help Chinese firms acquire strategic positions in Africa, the Middle East, Eastern Europe and Latin America (Hoffman, 2021).[3] While the US and Europe slept over, the Chinese have built a digital sphere of influence, helping Global South countries develop critical communications infrastructures like 5G or smart cities, but also AI-based surveillance capabilities and training to monitor and censor the internet in real time (Huawei alone is responsible for providing AI technology to at least fifty countries worldwide (Feldstein, 2019)). More importantly, through its "Made in China 2025" and "China Standards 2035" strategies (Sutter, 2020), Beijing has unveiled its ambitions to create and dominate global technology standards to guarantee its technological independence from the West (Breznitz & Murphree, 2013). Also, the Chinese government has set its sights on controlling international bodies related to tech regulation, such as the International Telecommunication Union (ITU) and the United Industrial Development Organization (UNIDO).

Chinese moves and ambitions have triggered several diplomatic responses on the part of the US, such as The Blue Dot Initiative, launched in November 2019 by the US together with Japan and Australia to promote infrastructure projects alternative to the Chinese Digital Silk Road. Similarly, the Clean Network initiative launched by the Trump Administration in August 2020 included more than 50 countries and 180 telco companies to rival Chinese 5G dominance. Also, the US has promoted the OpenRAN alliance as an alternative to 5G.

More recently, in September 2021, the US Administration has revitalized the Quadrilateral Security Dialogue (QUAD) launched in 2007 at the initiative of Japan and comprising the US, India, and Australia to also focus on technological issues, including digital connectivity, 5G deployment and standards, critical technologies, and cybersecurity, and set up the AUKUS alliance to counter China. Also, in June 2020,

3 The "Mapping China's Technology Giants" project by ASPI's International Cyber Policy Centre has identified and tracked the overseas expansion of 3.800 key Chinese technology companies, 27 of which are considered "tech giants" (Hoffman, 2021).

the UK government led by Boris Johnson proposed turning the G-7 into a D-10 alliance of democracies including the G-7 members plus Australia, South Korea, and India to confront the rise of China. Additionally, the US has floated the idea of a T-10 or T-12 grouping of democracies concerned by tech issues, albeit with mixed success (Feldstein, 2020).[4]

While the US has primarily focused on building security-driven regional alliances, the EU has preferred to work through existing multilateral institutions or existing bilateral treaties. Some instances include the November 2018 French government-led Paris Call for Trust and Security in Cyberspace launched at the UNESCO meeting of the Internet Governance Forum (IGC) aiming to promote a rules-based, responsible and democratic governance of cyberspace; the May 2019 Global Partnership on Artificial Intelligence (GPAI) launched within the OECD framework at the behest of the Canadian G-7 Presidency but including also Argentina and Brazil; the failed attempt by the EU to find traction for the so-called G-20 Osaka Track to promote WTO agreements for e-commerce; or the recent EU Indo-Pacific Strategy, which includes a robust digital governance partnership and connectivity element.[5]

However, despite a commitment from Ursula von der Leyen, President of the European Commission, to promote a "geopolitical Commission", as outlined in her 2019 inaugural speech, and her plea for the EU to invest in global connectivity in the recent State of the Union Speech (Von der Leyen, 2021), the EU's digital strategy for 2030, launched in March 2021 (2030 Digital Compass), while calling still for the EU to engage in international technology partnerships with third countries, it, so far, lacks the strategies, instruments and resources to turn the EU into a global tech power player.

The TTC fix to the transatlantic alliance

In this context of geopolitical tensions abroad and regulatory challenges at home, the EU and the United States decided in June 2021 this year to open a wide-ranging negotiation process to facilitate a series of crucial strategic agreements on issues related to trade and digital technology through the creation of the Trade and Technology Council (TTC).

The birth of the TTC is closely related to the trade and tech tensions dominating the transatlantic tensions during the Trump administration. In March 2018, the US imposed extra tariffs on EU steel and aluminium exports. This, combined with the ongoing Boeing-Airbus competition dispute, US pressures for EU member states to abandon Huawei led 5G infrastructures and confront China more aggressively, and Washington's displeasure with EU attempts to reign in US tech companies' taxation and market dominance positions, were poisoning transatlantic relations.

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4 US-led OpenRAN (Radio Access Network) is based on the disaggregation between hardware and software (Rasser & Riikonen, 2020). While the EU is in favour of data interoperability -similarly to the US OpenRAN-, the EU model prioritizes security guarantees, something that the bloc fears not benefitting from the US model. Additionally, the EU is in a much better position than the US in terms of 5G, as two out of three leading companies globally are European -concretely, Ericsson and Nokia-, while the US has no leading firm.

5 Spain has a limited participation in regional tech alliances. In Latin America it works through the Inter American Development Bank (IBD) and the Organization of American States (OAS). However, it was not invited by the US to the International Ransomware Taskforce recently created by the US NSC.

In June 2020, worried by the mounting tensions on trade, tech and China, the EU's High Representative, Josep Borrell, reached out to US Secretary of State Mike Pompeo to revitalize the transatlantic dialogue by creating a new US-EU dialogue on China. Pompeo accepted the proposal, but it did not bear much fruit due to the incoming Presidential election. In November 2020, with Biden already as US President-elect, picking up on the need to fix both China and trade, Valdis Dombrovskis, EU Commissioner for Trade, floated the idea to create a forum to help the EU and US "resuscitate those parts of the failed Transatlantic Trade and Investment Partnership (TTIP) negotiations that focused on regulatory cooperation on emerging technologies, where both Washington and Brussels fear that China stands to become the global standard-setter".

The proposal to set a Trade and Technology Council to "join forces as tech-allies to shape technologies, their use and their regulatory environment" and strengthen democracy around the world, "advancing a free and open internet" was formalized in December 2020 in a Communication from EU HRVP Josep Borrell to the Council outlining the contours of a revitalized EU-US agenda and accepted by the Biden Administration at the June 2021 EU-US Summit, which formally launched the TTC. The TTC is structured around ten working groups spanning from cooperation on technology standard-setting, climate and green tech, secure supply chains, ICT security and competitiveness, data governance and technology platforms, the misuse of technology threatening security and human rights, export controls, investment screening, promoting SMEs access to, and use of, digital technologies, and global trade challenges.

The first meeting of the TTC, which risked being cancelled because of the AUKUS dispute between France and the US (another geopolitically tech-loaded event), was held in Pittsburgh on 29 September. As the Inaugural Joint Statement read, the meeting allowed the parties to successfully lay out a concrete agenda for the working groups to deal with later down the road. This was achieved by concentrating on those items where progress was easier to accomplish (investment screening, export controls, semiconductors, and AI). In return, the parties decided to temporarily shelve the most complicated ones. This included, first, trade, where the focus was placed on cooperation vis-à-vis non-market economies rather than on bilateral US-EU trade. Second, data flows, explicitly excluded from the TTP given the problems faced in the past by the two parties when trying to get their Privacy Shield agreement on data transfers accepted by the European Court of Justice.. The decision to leave transatlantic data flows out of the scope of the Trade and Technology Council points at the fact that the EU is not yet ready for the "political deal" with the EU Biden has been calling for. For the EU Justice Commissioner, Didier Reynders, in charge of this negotiations, the lack of trust on both US firms and US' security apparatus handling of Europeans data seems to require new and better assurances. Still, the enormous interests involved and the pressure of firms across both sides of the Atlantic, which complain about the legal uncertainty and losses arising from lack of agreement, means that negotiations cannot be avoided for long, especially if the TTC helped build much needed transatlantic trust. And last but not least, issues related with platform regulation and content moderation, in which the US and the EU positions are still apart, were also set aside temporally.[6]

6 It is worth noting that the Spanish Data Protection Agency (AEPD), has supported the EUCJ ruling invalidating the US-EU Privacy Shield and has called for the European Data Protection Board (EDPB) to adopt a common EU approach consistent with the ruling.

What's at stake?

As the June 2021 EU-US Summit Statement said, the TTC is built on the expectation that the EU and US will be able to both ensure that digital technologies would create trade and thus growth opportunities, but also help the US and EU shape the production, distribution and governance of technology in a way which would boost democracy and human rights.[7] Despite China not being mentioned in any of the statements of the principal documents ("authoritarian governments" are mentioned once), the TTC's ambitions are much larger than US-EU bilateral relations and do include China and US and EU allies in the Indo-Pacific. As Jake Sullivan, President Biden's National Security Adviser, said, "We plan to align our approaches to trade and technology so that democracies and not anyone else — not China or other autocracies — are writing the rules for trade and technology for the 21st century".

It is critical to reflect on the positive consequences of a successful TTC and, conversely, the adverse effects of failing to implement it. A grand digital bargain between the US and the EU could have a significant economic impact, not just bilaterally but globally (Bildt & Kennard, 2016). While the growth of traditional trade flows has slowed down, e-commerce sales are growing, reaching a total of $26,7 trillion in 2019 and representing 30% of the world's GDP, according to UNCTAD. The EU and US together combine for 780 million people, a $ 4 trillion economy representing 42% of the world's GDP, 41% of world trade, and 60% of global Foreign Direct Investement (FDI) flows. The US is the largest market for many European digital services and vice versa. EU imports information and communication technologies (ICT) services from the US valued at $31 billion (Fefer, 2021), with ICT-related services potentially adding another $196 billion. An EU-US agreement will further boost digital trade to the benefit of both blocs and other countries, which would profit from new growth opportunities (Burwell, 2020).

Conversely, the lack of an agreement between the US and the EU could increase trade disputes, especially if the lack of agreement on data flows affected e-commerce or investments, provoking the fragmentation of the Internet and the transatlantic digital market. It would make it more challenging for the US to close its technological gap with China, while for the EU, it would mean more clashes with US firms established in Europe. Strategically, the EU would also risk being left behind by the US as Washington further pivots to the Indo-Pacific. In this region, the EU footprint is already lighter compared to the US.

From a security standpoint, US-EU alignment on issues ranging from internet governance to democratic standard-setting and trustworthy AI to investment screening could have significant positive spillover effects on the US and EU, both at home and for their foreign policies. Concretely, the TTC could provide efficient regimes to protect key investments in critical areas and guarantee that essential dual-use technologies are not exported to autocracies, help allies preserve the safety of their networks and infrastructures, and ensure US and EU allies and like-minded countries access to critical technologies. In the absence of an agreement, not only would the US and the EU miss economic growth opportunities and become more vulnerable in strategic sectors, but they would also forgo benefiting from the vast growth potential derived from the digital technological revolution and leave entire regions such as the EU's eastern neighbourhood,

7 "We resolve to drive digital transformation that spurs trade and investment, strengthens our technological and industrial leadership, boosts innovation and protects and promotes critical and emerging technologies and infrastructure. We plan to cooperate on the development and deployment of new technologies based on our shared democratic values, including respect for human rights, and that encourages compatible standards and regulations" (EU-US 2021 Summit Statement).

Africa, Latin America and the Indo-Pacific exposed and vulnerable to Chinese influence. Indeed, the US and EU should bear in mind that the strategic autonomy of such regions is of great consequence to their own.

To the extent to which the TTC helps ease current tensions on the regulation of big tech companies and their services, the TTC offers an opportunity to strengthen democracy and human rights, both at home and abroad, and instil trust and citizens' support for a transatlantic relationship still suffering from the burial of the TTIP and Trump's tensions. By sharing their regulatory tools and technical expertise with others, the EU and the US can also help shape a value-based multilateral tech order allowing democracies to overcome their vulnerabilities and keep autocracies at bay. Indeed, the TTC need not become a new alliance or serve to put pressure on US-EU allies: what it can do is set the bar for subsequent coalition-building and policy proposals in other negotiation settings, including multilateral organizations.[8] An agreement between the US and the EU will surely boost similar arrangements at the multilateral level, regional or bilateral level. But the robust democratic narrative seen at the core of the TTC launching should not be rhetoric but real. If the TTC fails to sustain the strong democratic narrative it has laid out, both the EU and the US are also likely to lose citizens' trust within their own political systems in the long run. Therefore, the TTC needs to become a space to change societal narratives on the democratic relevance of technology governance.

The lack of US-EU agreement would also damage Global South aspirations to enhance greater coalition-building in the technology governance agenda-setting in various international fora, s such as the OECD (which looks at ethical AI), the UN's ITU (which aims to broaden connectivity as a positive, impactful tool in Global South countries for societal cohesion), or the WTO).[9] Ultimately, the TTC may represent a before and after in how democratic countries must get down to work to promote its democratic lifestyle (vis-à-vis AI mass surveillance on streets), its democratic electoral security (cyberattacks and disinformation campaigns from foreign and domestic actors aiming at destabilizing the system), and public trust in democratic institutions (fighting against digital repression and guaranteeing media pluralism and protections for online activism). But if the TTC does not conceive itself as a driver of democratic technology governance, there will be more partnerships and alliances serving alternative models.

The tech-driven geopolitical shift is a reality. It is in both parties' interest to approach technology from not merely a power and sovereignty view but also a values-based one. The TTC should not, thus, be framed as a purely transactional exercise allowing the EU and the US to exchange concessions with a back turned to the rest of the world. Instead, it should be seen as the joint strategic response to a significant geopolitical challenge defining power and alliances and a driver of democratic technology governance offering a shield under which established, vulnerable or aspiring democracies can find shelter. The TTC should ultimately aim to embed technology policy into existing multilateral mechanisms, which need adaptive measures to guarantee that liberal democracy, human rights, open markets, and rules-based multilateral order are respected. Still, at times, the US and the EU may find that this is just not possible and be ready to move forward outside of existing multilateral mechanisms to put pressure on others.

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8 Since 2020, the EU has started to include digital transformation as a major priority in its regional strategies (see the 2020 EU's Comprehensive Strategy with Africa, which ranks the digital partnership second out of five in priorities; or the Strategy in the Indo-Pacific, which labels connectivity and digital governance and partnerships as two out of a total of seven pillars, with Latin America and the Caribbean still missing).

9 The most advanced economies are negotiating new e-commerce rules in the framework of the WTO's Joint Statement Initiative (JSI). However, many developing countries have chosen not to, preferring to first build their regulatory and institutional capacities and safeguard their policy space (UNCTAD 2021).

Part II
The players, where are they and where are they coming from

The fact that the US and the EU have converged around the TTC does not mean they have the same goals and objectives. This is evident in how differently the economic and geopolitical dimensions intertwine in both Washington and Brussels.

The US: a national security approach

A critical difference between the EU and US approaches is that the US, having defeated the Soviet Union through its superior economic, military, and technological power, perfectly understands how entangled these dimensions of power are and how much they reinforce each other. Thus, while in the last 40 years, economic activity has switched from oil and gas to technology and communications, the US has been able to keep industrial supremacy and, thus, sustain its global power and influence. As the world embraces the digital revolution, US oil giants have been replaced by tech giants. In 2021, 5 of the 10 largest firms by market capitalization are American tech companies (Apple, Microsoft, Amazon, Alphabet, and Facebook), 2 are Chinese (Tencent and Alibaba), and none are European.

Yet, despite this apparent American technological superiority, Washington fears Chinese supremacy in several key fields: whereas the US leads in market capitalization, China is leading on AI, the technology with the most significant disruptive; it is also the world-leading technological investor - in 2021, its R&D investment hit a record $378 billion, representing 2.4% of its GDP, more than any other country.[10]

Despite changes in the US government, there is a remarkable continuity in US perceptions and policies towards China, going back to, at least, the Obama Administration, including the US' focus on the challenge posed by Chinese command of critical technologies.[11] In China, differences between the Trump and Biden Administrations are about means, the first seeking to engage allies by coercion and unilateral strategies, the latter aspiring to persuade allies to join in through renovated alliances.

10 According to the Stanford 2021 AI Index Report, China leads in AI journal citations and publications but the US leads in cited AI conference papers and peer-reviewed AI publications. However, China's AI penetration rate by industry is below the US in all main fields (Education, Finance, Hardware, Manufacturing and Software and IT Services) and its private investment rate is less than half of the US.

11 The new CIA Director William Burns has declared China the US' most important geopolitical threat for the 21st Century and has announced a CIA's mission centre specifically devoted to critical and emerging technologies.

Ongoing US concerns surrounding Chinese tech supremacy motivated the recent resignation of the top Pentagon technology officer on the grounds that the Pentagon and the US government are, supposedly, in denial about the US being 15-20 years behind China and having lost the game; this was very revealing of the mood prevailing in Washington D.C. Also, the fact that the US' first thorough AI strategic review exercise was led by a former Defence Secretary (William Perry) and a former big tech executive (Eric Schmidt) shows that the US looks at tech challenges through the eyes of national security and the needs and possibilities offered by its military-industrial complex.

Moreover, besides the Trade Department, the US has strongly relied on the White House National Security Council (NSC) and the Department of State meddling when approaching the TTC. In contrast, the EU is just now beginning to explore the contours of a technology foreign policy. This explains why, on the European side, the TTC is represented by Commissioners Dombrovskis (Trade) and Vestager (Competition) while the HRVP for Foreign and Security Policy, Josep Borrell and the EU's European External Action Service are taking a back seat in the process.[12]

One of the key advantages of the US over the EU is that it counts on both a fully functioning market economy with no internal barriers and able to produce and finance growth and innovation, which pours into strengthened military capabilities and, at the same time, a military-industrial complex further capable of sustaining and promoting constant innovations in the military field, which then pour into the civilian economy. Apart from that, the US enjoys a national security culture, a unified political system, a sizeable military budget, an army, and a global presence, all of which the EU lacks.

However, when it comes to the regulation of digital markets, Washington is nowhere near where Europe is and may take quite a while to move forward. True, both Democrats and Republicans (especially the most Trumpist among them) have expressed their wish to reign in both tech companies' market power, which they see as too concentrated - and therefore risky for democracy - and try to regulate content on social media platforms. However, this interventionist coalition is unlikely to come to an agreement both for reasons of partisanship but, most importantly, because their views and aims are ultimately incompatible.

The 2016 election and the Trump era, which ended with the Capitol assault in January 2021, have provided enough evidence of the exposure of American democracy and its political system to the polarization, disinformation and foreign interference dynamics allowed by the vulnerabilities of the digital and social media ecosystems and platforms, something which Europeans have also experienced in depth since 2016 through Brexit, the French Presidential and the Italian and German elections. Still, in D.C. bipartisan consensus is lacking, lawmakers have not yet figured out how to better deal with the problem, whether by introducing new legislation or strengthening key federal anti-trust or communications agencies and policies, and the executive fear Courts (including the Supreme Court) failing to endorse whichever legislative changes Congress may end passing.

12 The EEAS has deployed cyber defence teams, has developed a Cyber Diplomacy Toolbox which includes a sanctions mechanism and has recently put together a new Directorate on global affairs which will deal with technology foreign policy (Moret & Pawlak, 2017).

The EU: the regulatory superpower wanting to play power politics

In the EU, the challenges posed by the technological revolution are seen chiefly through an industrial and regulatory lens. Policies are aimed at creating a strong, competitive industrial base that reflects the principles and values that Europe stands for.[13] As stated in the EU's long-term digital strategy, the so-called Digital Decade, the EU will pursue a "human-centric, sustainable vision for digital society", which stands in stark opposition to the techno-authoritarian model followed by the Chinese. See, e.g., Spain's government 2021 Digital Rights Charter and a Telefonica's Manifesto for a Digital Era. Spain counts on a National Digital Strategy (España Digital 2025), a State Secretary for Digitalisation and AI. It has also convened an AI expert group whose mission is to help the government develop a AI National Strategy aligned with EU regulations and policy goals. The Strategy has been recently approved (ENIA 2021).

Substantive differences to the light regulatory approach so far predominant in the US remain as well. There, the strong constitutional status of freedom of expression, combined with very pro-market and innovation policies have allowed tech companies grow fast. The "move fast and break things" approach dominant in Silicon Valley clearly contrasts with the "precautionary approach" which defines Brussels approach to tech markets and regulation.[14]

In the international arena, while the EU does not see itself as equidistant from the US and China (Brussels considers Beijing as a "systemic rival", it does not want to be dragged along to a Sino-American confrontation in terms decided from Washington. This forces the EU to have its own technological capabilities to determine how and when to pick up which fights, a preference widely shared by most Europeans, as ECFR Unlock Public Opinion polls show (Krastev & Leonard, 2020). As such, despite aspirations by Ursula von den Leyden, President of the Commission, to turn the EU into a relevant geopolitical player, and despite Josep Borrell's appeals for the EU to be able to "speak the language of power", the EU's approach is still mostly based on a defensive and inward-looking logic, and not a proactive and global one.

This is not to say that there is not a security logic behind the actions of the European Commission and member states. There is: Much as the US, the EU is living a soul-searching moment when it comes to its global power and role.[15] At home, the EU is seeking to complete the twin digital and green transformations. Abroad, it is engaged in a quest for strategic autonomy (Leonard & Shapiro, 2019), including in trade and investment, currencies, technology, climate change, health, migration, and defence. However, the EU, lacking the political unity, military strength and industrial, technological capacity of the US and China, fears becoming the playground where the US-Chinese Tech Cold War will be played. Though the EU has some critical advantages in 5G and other technologies, the major tech companies providing digital services to Europeans are primarily American when not Chinese.

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13 The EU's long-term digital strategy, the so-called Digital Decade, states: "The EU will pursue a human-centric, sustainable vision for digital society throughout the digital decade to empower citizens and businesses" and makes no reference of power. It mentions "strategic autonomy" only once China only twice and in reference to innovation and skills, not on security grounds.

14 Section 230 of the US Decency Communication Act says that "No provider or user of an interactive computer service shall be treated as the publisher or speaker of any information provided by another information content provider" (47 U.S.C. § 230). According to the Electronic Frontier Foundation, this means that online intermediaries that host or republish speech are protected against a range of laws that might otherwise be used to hold them legally liable for what others say and do. The protected intermediaries include not only regular Internet Service Providers (ISPs), but also a range of "interactive computer service providers," including basically any online service that publishes third-party content. Though there are important exceptions for certain criminal and intellectual property-based claims, CDA 230 creates a broad protection that has allowed innovation and free speech online to flourish.

15 As Josep Borrell and Thierry Breton have recently stated: "The era of a conciliatory, if not naïve, Europe has come of age. Virtuous "soft power" is no longer enough in today's world. We need to complement it with a "hard power" dimension, and not just in terms of military power".

However, to the extent to which there is a security logic in the EU's approach to the TTC, the EU member states are far from sharing a common understanding of what "strategic autonomy" means, and even less on how to take on China. **Many member states, including the Netherlands, but also Central and Eastern European, Nordic members of the EU, and Spain and Portugal, fear that the concept of "strategic autonomy" or, worse, "European sovereignty" may be used to support a more protectionist and closed Europe and, also, as a way to undermine NATO and the transatlantic alliance.** They also fear that some member states, especially France and Germany, whose industries are larger and better prepared to absorb EU or national funds, would be the main beneficiaries of EU industrial policies aimed at achieving technological sovereignty at the expense of other member states and markets. This is why they have been promoting the concept of **'open strategic autonomy',** as expressed in the 2021 Dutch-Spanish non-paper[16] but also in the January 2021 joint letter by the Finish Foreign Affairs Ministry and 11 EU member states warning that the EU's digital decade programme should be compatible with maintaining an "open and competitive single market" and not lead to creating "unnecessary burdens or barriers", i.e. a veiled way of warning against protectionism.

True, the EU is a global actor. And its tech-related efforts have had significant global waves. The global impact of the EU's data privacy regulation (GDPR), for example, has even led to talk of the bloc as a regulatory superpower (Hobbs, 2020) and a "Brussels effect" (Bradford, 2020). This is because big US tech companies are being regulated mainly from Brussels, not Washington. However, to the extent that that the is de facto exporting its data privacy standard on the world and others are adopting or adapting to it, this has not resulted from a desire for global power and influence, but as an unintended consequence of its market and regulatory power and the fact that the leading technology companies, of US origin, are, in terms of turnover and presence, European companies for all intents and purposes.

> **Many member states fear that the concept of "strategic autonomy" or, worse, "European sovereignty" may be used to support a more protectionist and closed Europe and, also, as a way to undermine NATO and the transatlantic alliance.**

Something similar is currently happening with the regulations on markets, digital services or artificial intelligence that are being drafted in Brussels.[17] Although these rules, once passed, will have global consequences, one cannot see in the regulatory process involving Council, Commission and Council, much hunger for geopolitical power, nor can there be seen any interest in incorporating ex-ante or ex-post the global consequences of these regulations being currently discussed (Franke & Torreblanca, 2021). Therefore, Europe wants to strengthen its digital market and implement regulations compatible with its values and interests, including reducing dependencies and vulnerabilities (both vis-à-vis the US and China) and, logically, would prefer international rules and multilateral bodies to align with them. But it has no apparent intention of creating spheres of technological influence or disputing them with other major powers.

16 The Spanish Dutch non-paper of March 20210 defined "open strategic autonomy" as to the goal of "strengthening strategic autonomy while preserving the EU's open economy".

17 Apart from the General Data Protection Regulation passed on 2018, the EU is now considering a battery of legislation aimed at establishing competition rules for large online platforms (the Digital Markets Act); to modernize is 2000 e-commerce regulation to set liability rules related to illegal online content and products (the Digital Services Act); the sharing of industrial and nonpersonal data (Data Governance Act); and regulating artificial intelligence applications to ensure compatibility with basic human rights standards.

Different urgencies and alternatives on both sides of the Atlantic

In both the EU and the US, industrial policies and digital markets' regulation are central to technology policy. In both cases, markets are needed to generate economic growth. The difference is that, in the US, technology is also seen to sustain a global superpower role, not just to create a thriving internal market, as in the case of the EU. In contrast to the EU, which aspires to strategic autonomy, the is already a technological superpower thanks to the volume of its markets for digital goods and services, its capital markets, its capacity for innovation and, above all, the global presence of its technology companies. Still, it's far from being strategically autonomous when it comes to high-performance chips, rare earths and 5G.

Therefore, the contrast is quite clear between, on the one hand, a Europe that plays defensively to build its autonomy and, on the other hand, a US that aspires to defend its global role and power. Ultimately, if Washington sees tech policy as a means to sustain the US superpower role and contain China, it will approach TTC with a purely transactional view, trying to see the extent to which the TTC adds or detracts energies from this process of matching China. Therefore, the amount of time and resources the US is willing to invest in the TTC is conditioned by the alternatives. And here, it is important to note that while the US is working in parallel with other partners (such as the Quad, AUKUS or other initiatives), the EU, having less capacity and pull to reach out to others, would be the one most damaged by the US losing patience or concluding that the TTC is not worth the effort it would require to make it work properly.

> **The TTC's success may be threatened by two different types of risks. The first one is the EU limiting their focus to narrow market regulation issues, where the US can hardly meet the EU halfway. The second is the US narrowly understanding the TTC as a China countering exercise, which will lead to frustration in both Washington (the EU contribution will always be below the expectations in content and speed) and Brussels (which is not only worried about Beijing but also about the power of US tech companies).**

The US and the EU need to deal with China's on a variety of issues, including unfair trade and investments practices, cyber-security and tech industrial espionage, as well as its worldwide spreading of surveillance technologies and attempt to capture technology standards organizations. To confront China on the tech field, the US and the EU need to set up democratic standards, strengthen rules-based multilateral institutions and help democracies thrive in a more secure cyberspace with less foreign interference. **Despite the different starting points and strategic visions, both the US and the EU need thriving, open markets, and they both face the same challenge (China), which makes it possible to envisage a possible agreement.** But for this agreement to happen, the two parties need to align their market policies, security preferences and values more closely. This is discussed in the next section.

Part III
The playground, problems and the opportunities

A three-basket approach

To better examine the state of play of US-EU tech relations and the opportunities and obstacles for enhanced cooperation in the context of the TTC, topics will be grouped into three main baskets: markets, security, and democracy.

The **first basket** brings together market-related issues. Technology markets are a precondition for power and states' strategic autonomy. Without thriving and full-functioning technology markets delivering growth and jobs, actors can only be policy and tech takers from third parties. The larger and better regulated the domestic and the transatlantic markets are, the more leverage the US and the EU will have vis-à-vis third actors, and the greater their ability to set the rules of the game will be; not to mention that they will also be more capable of offsetting Chinese pressures and areas of influence. The US and the EU have, therefore, a vested interest in expanding their tech markets. This includes trade, connectivity infrastructure (5G, cloud infrastructure, undersea cables) and issues covered by the TTC, such as global trade challenges, joint research, and investment but also regulatory issues such as competition, data governance, taxation, and tech standards.

The **second basket** deals with security issues. As technology is weaponized to support power politics, security becomes central, both at home and abroad. Tech markets are the main asset states must engage in Geotech politics (Franke & Torreblanca, 2021). They, therefore, need to be secure from hostile competitors seeking to exploit vulnerabilities, impair actual or potential sources of growth, damage strategic infrastructures or steal key technologies and transfer them to other countries. Here, the US and the EU have an incentive to work together to preserve their markets, reduce vulnerabilities and dependencies on key technologies (such as semiconductors) and confront or deter hostile actors when it comes to export controls, investment screening, security of supply chains, semiconductors, and ICT security.

The **third basket** includes democracy and values. Today's democracies are threatened by the misuse of information and communication technologies. Social network platforms and communication networks are often vehicles of cybersecurity attacks, disinformation campaigns, influence operations, and electoral interference by foreign powers, the dissemination of illegal or harmful content, data privacy breaches or data theft. At the same time, authoritarian regimes abuse AI technologies for purposes of unlawful or arbitrary surveillance, implement social scoring systems, shut down the internet of prosecuting freedom of speech online and dissenters or export these technologies to like-minded countries to help repressive regimes strengthen their grip on power. Therefore, both at home and abroad, the US and EU should seek to ensure that technology strengthens and does not undermine existing democracies and helps struggling democracies and human rights activists counter the use of technology to suppress dissent by authoritarian regimes (Feldstein, 2021).

Basket I: Market opportunities and obstacles

Table 1. Transatlantic Tech Relations – The TTC – State of Play | October 2021

MARKETS	US position	EU position	State of play
Competition	The US government and Congress are both intensifying their scrutiny of Big Tech companies. However, they are moving at a slower speed, with a lower level of ambition than the EU, and with different policy responses from Democrats and Republicans. The US qualified the EU's Digital Markets Act as "threatening to undermine prospects for transatlantic cooperation on trade and technology".	The EU has long been spearheading investigations and levying landmark antitrust fines on tech companies. The EU is set to ramp up its efforts in this field via the Digital Markets Act, first proposed in December 2020 and currently being discussed in the European Parliament, which will heavily affect US companies.	The EU and the US diverge in their competition visions and objectives. They want to dialogue but are seeking regulatory "respect" and autonomy. The US seeks a light "mutually beneficial cooperation" while the EU wants a "level playing-field".
Taxation	While the Trump Administration favoured a voluntary tax system, President Biden (and Treasury Secretary, Janet Yellen) hailed the "once in a generation opportunity" to implement a global minimum corporate tax rate at the OECD.	Despite the 2018 "fair taxation of digital economy" package proposed by the Commission (with no further follow-up), EU member state divisions on taxation (requiring unanimity) have prevented the EU leading in this field.	The Biden Administration's U-turn on this matter has facilitated the eventual approval by 130 countries of a tax rate above the 15% floor. Having digital companies paying more taxes was a long-standing demand of the EU at the OECD.
Trade in digital services	The US fears the EU's "digital sovereignty" will lead to trade protectionism. It also fears EU regulation will negatively impact upon US companies in Europe and globally. The US has not generally sought digital-only trade agreements but geostrategic "alliances" touching upon technology issues.	The EU fears that the US aims to use the TTC to push for the interests of US companies and uptake of their technologies while protecting its markets at a moment in which the EU seeks technological sovereignty. The EU tends to add a digital layer to bilateral and regional trade agreements.	There are significant market incentives for the US and the EU to agree on bilateral trade in digital services. Even though global digital trade rules do not fall under the TTC's mandate, the EU and US could coordinate to help the WTO draw a first agenda on these much-needed rules.
Data governance	The US seeks a political dialogue. It tried to include data flows as part of the TTC discussion due to its interest in revamping the EU-US Privacy Shield which was declared invalid by the Court of Justice of the European Union (ECJ).	The EU opposed including data flows within the TTC's remit. The ECJ (European Court of Justice) is currently considering further actions related to the Privacy Shield. Member States and Brussels are taking measures to limit misuse of Europeans' personal data by US firms.	This is one of the most controversial issues in US-EU tech relations. The expectation is that agreement on other matters now will ease data governance discussions later. Still, experience shows that agreements reached at the negotiation table may be quashed by the Courts.

While deep-seated differences on tech market issues between the US and the EU remain, the Biden Administration has clearly signalled its intention to depart from the confrontational approach of the previous Administration, opting instead for dialogue and negotiation to solve these differences. The Biden Administration's successful push for a global agreement on the taxation of big companies, something the EU and its member states had been calling for previously under what the Trump Administration disapprovingly dubbed the "Google tax", is indicative of this new ambition.[18] In the meantime, the US Congress, States, agencies and attorney generals are drawing on EU experiences to investigate big tech companies market position and practices but also sharing the EU value-based approach to surveillance technologies (such as facial recognition), or try and adopt their own data protection regulations.

As seen in the recent decision by the US to lift the steel and aluminium tariffs imposed by President Trump in 2018, the TTC is already capitalizing upon this conciliatory mood. It now needs to extend it to the regulatory field and deliver agreements. Both the US and the EU want to produce a regulatory system that foster benefits for consumers while limiting costs and negative externalities associated with scale, market power and data exploitation practices.

Both parties, however, are proceeding at different speeds. The EU, a far more experienced regulator, is currently exploring a series of legislative packages in the European Parliament while the Commission's Executive Vice-President Margrethe Vestager continues to spearhead landmark competition investigations. Meanwhile, the US is still grappling with how to adapt and revamp existing anti-trust institutions, such as the Federal Communications Commission (FCC) and the Federal Trade Commission (FTC), to set the limits of tech companies' market power. Also, while the US Congress is conducting a major series of hearings on how big tech is working, it seems very unlikely that it will end up drafting big legislative packages like the EU's. In this context and given EU regulations tend to fill the void and become global standards via the "Brussels effect", the US should be incentivized to use the TTC to engage in deep dialogue with the EU on regulation, standard-setting, research, investment, and innovation.

Similarly, when it comes to trade issues, both the US and the EU would benefit widely from having multilateral institutions, from the OECD to the G20 or the WTO, adopt tech standards and principles that can enhance trade in digital goods and services but also prevent China from imposing its own standards, as it is currently doing through its Belt and Road Initiative (Rühling, 2020). This is a central element of the TTC, whose first working group deals with technological standards and was tasked at the Pittsburgh meeting with coordinating US and EU positions in international standard-setting organizations.

The potential impact of this cooperation is significant. Inasmuch as the US built a rules-based, open, liberal, multilateral order after World War II, the TTC could now be the seed of a new multilateral tech order creating a truly democratic system of tech governance that would serve both US and EU interests and values. Making tech multilateralism work would not only benefit like-minded countries, but it remains the most effective way of countering China.

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18 Spain was pioneer, together, with Germany, in standing against Google News service on copyright arguments, which led Google to shut down the service, and also in introducing specific taxes aimed at digital companies. It has also passed a Digital Services Tax envisaging a 3 percent tax on revenues from online deals brokered on digital platforms, and sales of user data by tech companies with at least €750 million (US $893 million) in total annual worldwide revenues and Spanish revenues of €3 million ($3.57 million). This tax will now be scrapped following the new Global Tax Agreement.

Beyond the US's heavy China ambitions for the TTC, the US and the EU are immersed in a twin digital and green transition which could make the TTC very relevant for both actors. The establishment of a specific working group on climate and green tech underscores the critical role of technology in the energy transition and fight against climate change. Cooperation in green technologies is thus a big part of the TTC's positive agenda, particularly as access to green technologies and the raw materials needed to develop them becomes strategic and disputed. Also, cooperation on green tech may help alleviate potential tensions in transatlantic relations created by the EU's plans to introduce carbon border adjustment tariffs and, hopefully, avoid these mechanisms being applied to the US.

There remains, however, many hurdles ahead that could become key battlegrounds for the TTC. For starters, data flows - the most sensitive issue in US-EU tech relations - have deliberately been omitted from the TTC's scope, and numerous caveats have been introduced on the need to respect each party's regulatory processes and independence. The protracted difficulties experienced by the EU to have its Privacy Shield Agreement validated by its Court of Justice (ECJ) shows how difficult reaching an agreement on this matter will be (Monteleone & Puccio, 2018). Here, some hope this exclusion is meant to facilitate less visible and more discreet negotiations while other believe that following the June 2020 European Court of Justice ruling in Schrems II, it seems quite difficult to find a durable solution to the free flow of personal data to the US that meets GDPR standards and can withstand EU court scrutiny (Barker 2021). Therefore, to the extent to which the EU holds that it cannot compromise on its human-centric approach to data privacy and rights, this issue works as a time bomb under the TTC table.[19] Still, the US and the EU cannot indefinitely avoid addressing it, if only because this lack of agreement introduces a lot of market and regulatory uncertainty when it comes to transatlantic trade flows and is a source of constant tensions .

Similarly, while the first TTC meetings and discussions are focusing on the low-hanging fruit of tech regulation, the US will not escape the ("Brussels") effects of the new legislation currently being developed by the EU. The Digital Market and Digital Services Acts will have a major impact on US tech companies once approved, both in terms of competition (size and number of firms, relations with competitors, etc.) but also on platform content (algorithmic regulation, duty of care concerning illegal or harmful content).[20] Therefore, there are unavoidable regulatory curveballs on the road ahead.[21]

Additional hurdles for the TTC relate to trade itself. The Biden Administration has departed from the antagonist trade stance of its predecessor (Burwell, 2018) and has sought a trade truce with the EU on some

19 EU Member States are continuously expressing concern on the allegedly misuse of personal data from EU citizens by US technology companies.

20 The Spanish National Commission on Markets and Competition (CNMC) has called for "particular caution on the part of the authorities in regulating digital markets due to their rapid transformation and has recommended a flexible framework that avoids over-regulation, contributes to legal certainty and minimizes possible regulatory and competency overlaps that may arise" (see CNMC Position Paper on the Digital Services Act and a New Competition Tool and CNMC Position Paper on the Digital Services Act from the point of view of content).

21 The DMA was criticized by the US for considering that the EU's focus "threatens to undermine prospects for transatlantic cooperation on trade and technology", according to the National Foreign Trade Council's statement in December 2020. However, the US Federal Trade Commission (FTC) has also launched antitrust investigations against GAFAM companies, concretely Facebook's prior acquisitions of potential competitors -such as Instagram and WhatsApp. Similarly, with the launch of the Commission's DSA, the National Foreign Trade Council had similar criticisms as they had for the DMA.

pending issues such as the Boeing-Airbus spat. However, what Europeans are hearing from Washington - such as "Buy American" or "a foreign policy for the Middle Class" - make it clear that this Administration is still far from wanting to bring transatlantic trade relations to the status quo ante of the ambitious but failed TTIP negotiations.

On the EU side, as Barker (2021) has pointed out, the last thing that the Commission and the member states want is to get bogged down in the trade disputes on agriculture, investment dispute settlement, and procurement which led the TTIP to fail. Also, not all EU member states are in favour of a deeply integrated transatlantic tech market. In fact, a sizeable number of EU countries, including, most importantly, France and Germany, are looking more towards European solutions when it comes to data hosting (e.g., as the Gaia-X project) and critical technologies.[22]

In the same vein, in the eyes of the European Commission, the fact that the US is reluctant to take advantage of the one technology in which Europe has the lead (5G & 6G) and is, instead, promoting alternative standards such as Open RAN, does not help build trust among the two parties surrounding the TTC's capacity to help them better exploit existing and future synergies.[23]

Hurdles do not only arise from bilateral ties between the EU and the US but also when (dis)engaging with third countries. The TTC clearly states that it will establish an agenda on global digital trade rules to avoid new and unnecessary technical barriers and address challenges from non-market economic policies and practices. This is important, but it should not overlook existing advancements that have been made by other countries. Concretely, Chile, New Zealand, and Singapore launched the Digital Economy Partnership Agreement (DEPA), which is a "digital-only" trade agreement, rather than the habitual all-encompassing trade agreement that includes a brief mention of technology (Bacchus, 2021). The TTC should not set up a closed, definite agenda on digital-only trade rules. Rather, the EU and US should seize the opportunity presented by the TTC to draw a joint agenda that may be capable of influencing other countries in their favour at the WTO level[24]. Finally, the role of developing countries in the decision-making and agenda-setting of digital trade rules must be taken into account.[25]

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22 The failed Andromède project in France, DeMail in Germany, and the Quaero platform, which was launched by France and Germany) show how complex these initiatives are. The much cherished Gaia-X, a cloud data project led by France and Germany, an in which Spain is too participating, aimed at helping Europe regain digital sovereignty vis-à-vis foreign (American) players, is struggling to get off the ground amid infighting between corporate members, disagreement over its overall aims and a bloated bureaucratic structure that is delaying decisions.

23 The OpenRAN alliance recently suffered from several withdrawals and criticism. Nokia -one of the top three companies globally alongside Ericsson and Huawei- suspended its work in this industry group due to fears of potential U.S. penalties for working with Chinese firms which are part of the US entity blacklist. Additionally, other major telecom operators from Europe participate in this Open RAN alliance, as they advocate for this model because it would break the market power of the two European companies -Ericsson and Nokia- and Huawei.

24 Pending issues are: what "digital trade" means; how existing WTO rules apply to digital trade, especially the General Agreement on Trade in Services (GATS) (Bacchus, 2021); which customs duties will be imposed on digital transactions; and how to make the transition into new rules in terms of criteria, taxation.

25 In 2019, Japan proposed the "G20 Osaka Track", a process that aimed to intensify efforts on international trade rules on digital economy, especially data flows and e-commerce, while promoting enhanced intellectual property, personal data, and cybersecurity protections. The Osaka Track derives from the idea of a "Data Free Flow with Trust" (DFFT) from Japanese Prime Minister Shinzo Abe at the World Economic Forum 2019. However, India, Indonesia, and South Africa decided not to sign the Japanese proposal, as they considered that data should be discussed just within the WTO, and also developing countries need to have an especial voice in the policy space due to their major role as "disconnected countries" which sooner rather than later will start immersing themselves into data governance discussions. Of interest for the TTC agenda-setting will be WTO fisheries subsidies negotiations, impact of technology on labor markets, working conditions, and worker rights, and the effectiveness of labor enforcement tools.

Basket II: Security opportunities and obstacles

Table 2. Transatlantic Tech Relations. The TTC. State of Play | October 2021

SECURITY	US position	EU position	State of play
Export control & investment screening	The US has significant experience in dealing with both export controls and dual-use technologies in addition to established procedures for screening investments potentially harmful for its national security. Governance is centralized under an inter-agency committee.	The EU has recently established the institutions and legal procedures to ensure an effective export control regime for surveillance technologies. The same holds for investment screening, for which legislation has just been passed.	Both share a commitment to investment screening of dual-use technologies and export controls on technologies that pose a risk to national security. Both agree on the importance of multilateral efforts to protect critical technologies. Challenges include reconciling different institutional structures to ensure shared objectives can translate into policy proposals.
5G, 6G technologies	The US is prone to pursuing an offensive approach to democracy promotion overseas. It clearly positions itself against China. There is no leading 5G company in the US so it uses the OpenRAN alliance to externalize its democratic approach and have other countries join its open model.	The EU adopts a defensive approach to democracy promotion and avoids explicitly positioning itself against China. The EU first seeks democratization of its own 5G model and later engages with like-minded partners (see digital partnerships with the Indo-Pacific). Member States have markedly different attitudes towards 5G and risk vendors.	The EU does not want the TTC to become a forum through which pressure is exerted upon it to adopt a confrontational approach towards China on 5G deployment. The TTC may help the US and the EU agree on R&D, joint risk mapping for bridging security toolboxes, and regulatory cooperation.
Semi-conductors	The US seeks to protect Taiwanese semiconductor industries from China and to develop its own industry. The US has legal obligations pursuant to the TAIPEI Act of 2020 to support Taiwan in cultivating alliances and diplomatic partnerships.	The EU aims at securing a "transparent, resilient supply chain". Strong dependence on Taiwan's semiconductor industry, though EU Member States and the EU have no formal diplomatic ties with Taiwan. Politically, a formal partnership with Taiwan may be tricky for the EU.	Both the US and the EU are heavily dependent on foreign suppliers. There is significant space for cooperation. Both sides will benefit from the division of this working group into short, medium, and long-term priorities, especially on resilient supply chains.
Green technologies	The US is one of the highest polluting countries in the green-digital transition nexus and so would benefit from international partnerships on green tech which it has not yet started developing.	The EU is heavily dependent on raw materials from third countries, especially China, for its renewable energy sector. It needs to diversify its import sources.	The US and the EU have decided to jointly map risks stemming from raw materials dependence and help each other fight climate change.

At the recent TTC Pittsburgh meeting, the US and the EU showed their willingness to work together not only to expand their markets but to protect them from external interferences, especially from China, and guarantee their supply chains in some critical technologies. A preliminary agreement was reached on the three following issues.

The first is investment screening pertaining to national security and/or public order risks on sensitive technologies. Here, the US and the EU have agreed, if not to harmonize their regimes, to at least have them operate under the same general principles (non-discrimination, transparency, etc.) enshrined by the OECD in 2009 to avoid unfair and market-disruptive practices, as well as to exchange information and experiences. Even more promising, both have agreed to try and engage other partners to coordinate their approach.[26]

The second element is export controls, where similar coordination has been adopted, particularly in export controls of critical technologies in the defence and security fields and the important ethical, legal, political concerns they bring. Both the US and the EU are worried by the potential applications of surveillance technologies to practices violating human rights or international humanitarian law. Here too, China is a prominent concern, given both the US and the EU have strongly condemned Chinese use of these technologies against the Uighurs and are worried about their export to third countries. Therefore, they want to work together and with third parties in setting up more efficient regimes to control the transfer of critical technologies. However, the US and the EU deal with investment screening and export controls in different ways, which could make an agreement more difficult to reach. While the US manages both through the CFIUS, which is an interagency committee[27], in the EU, export control and investment screening are dealt with via separate procedures and institutions involving not only the European Commission and the European Parliament but also the EU members states.[28]

The third element upon which this security package is based is supply chains, which the TTC addresses in the third Working Group and where there is a wide window of opportunity for Transatlantic cooperation.[29] Concretely, the working group seeks to tackle supply chain security and resilience in the critical fields of green and tech transformation, including clean energy, pharmaceuticals, and critical materials such as rare earths, which are strategically connected with Green Tech (Bobba et al., 2020).

Here, the EU needs to bear in mind that it participates in the TTC at a time when its Member States are greatly dependent on raw materials (Bobba et al., 2020), not only from traditional suppliers like China and other Asian countries but also from Brazil, Chile, DRC, Guinea, Mexico, Morocco, and Turkey. The TTC does not expressly mention these Global South countries, but the EU should have them on its radar when defining TTC agendas on

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26 The US has a well-established set of bodies and policies managing investment screening and export controls (the so-called CFIUS, while the EU is just beginning to develop its legislation (the EU Export Control Regulation and EU Screening Framework).

27 The Committee on Foreign Investment in the US (CFIUS) includes the Department of Treasury - whose secretary is the Chairperson of CFIUS-, the Department of Justice, Homeland Security, Commerce, Defense, State, Energy, and the Offices of the US Trade Representative and of Science & Technology Policy.

28 EU's new Export Control Regulation -which is in force since September 2021- establishes stricter export rules on cyber-surveillance technology, the responsibility of exports, greater transparency mechanisms, and the control over dual-use items for authoritarian regimes and is mainly managed through the European Parliament. On the other hand, the EU's Screening Framework -launched in October 2020- is led by EU Trade Commissioner Dombrovskis.

29 Rare earths are critical assets for the green transition because they are essential to produce green technologies (wind, robotics, 3D printing and ICTs). Their shortage and geographical concentration worry both the US and EU policymakers, who are largely dependent from third countries.

how to build mutual trust and coalitions, in addition to the interactions of green tech with other working groups such as fair-trade practices or supply chains. The EU is already on this path, as evidenced by the EU-Japan Green Alliance, signed in May 2021 (although it does not make any reference to technology). While the US has not yet started looking at green tech international partnerships, the fact that it is one of the highest polluting countries in the green-digital transition nexus means that it cannot afford not to (Pawlak & Barbero, 2021).

The US and the EU face a similar vulnerability in semiconductors, whose shortage and geographical concentration outside Europe and the US (most specifically in Taiwan but also South Korea, which has just announced a $451 billion investment in the sector) is a source of major concern given the central role they play in all sectors of today's digitalized economy. Following the US decision to invest in this field following the 2020 approval of the CHIPS for America Act, the EU followed suit and adopted a similar initiative (the Chips Act) seeking to compensate for its disadvantage in this field. These national security and vulnerability concerns were central in making the first TTC meeting in Pittsburgh a reality and prompted a further commitment to establishing a US-EU partnership to reduce dependencies and guarantee fair and secure access to semiconductors and avoid a subsidy race.[30]

The Pittsburgh meeting categorized semiconductor priorities as short, medium, and long term. This makes sense because the EU and the US share views on how to enhance the economic and industrial resilience of semiconductor value chains in the short-term but diverge significantly in their visions for tackling medium- and long-term priorities, not least on the key question of how to deal politically with Taiwan, one of the world's most prominent developers of semiconductors.[31]

Another national security-related element of the TTC in which progress was achieved in the first TTC meeting is the issue of coercive non-market practices such as forced technology transfers, state-sponsored theft of intellectual property, the support given to state-owned enterprises to acquire dominant market positions, and discriminatory practices against companies. Here too, the TTC looks beyond market issues and adopts a national security approach.

Finally, the TTC has a working group dedicated specifically to ICT security and competitiveness, which includes sensitive and critical areas such as 5G, undersea cables, data centres, and cloud infrastructure. There, once again, the national security logic and the (Chinese) elephant in the room explain why the US and the EU are planning to collaborate in preparation for the next generation of communication technologies for 6G.

30 Taiwanese SMCP factories suffer constant cyber-attacks (allegedly from China). The US conducts regular military cybersecurity exercises to defend them.

31 The EU has a high degree of dependence on Taiwanese industries. However, politically, neither the EU nor Member States have set up formal diplomatic ties with Taiwan. In 2015, the EU included Taiwan as part of its list of trading partners for a potential bilateral investment agreement. However, there have been no talks since then; just institutional dialogues on digital economy, including semiconductors, between DG CONNECT and Taiwan's NDC or Economic Development Council. A diplomatic relationship with Taiwan could pose risks for the EU in the supply chains from both Taiwan and China. In contrast, the United States does seek to incorporate a closer look at democracy promotion when working with semiconductor partners. Specifically, the US and Taiwan conduct both offensive and defensive cyber exercises to protect Taiwanese semiconductor industries from alleged Chinese cyber-attacks. Likewise, the US has a legal obligation to support Taiwan in cultivating diplomatic alliances and partnerships, based on the TAIPEI Act of 2020.

Some issues will not be addressed at the TTC, such as military AI and cybersecurity. However, the EU and the US should bear them in mind, especially considering the significant work of both partners in these areas and the importance of addressing them due to China's rising influence. On military AI, while all EU Member States hold quite similar positions (Kayser & Beck, 2018)[32], public opposition to lethal autonomous weapons systems varies by country, from 60% in Finland up to 81% in Ireland. The 2021 proposal for an AI Act at the EU level excludes "AI systems exclusively developed or used for military purposes" from the scope of this regulation. Meanwhile, the US views military AI through a defence lens, with the Department of Defense leading on it accordingly. Despite these differences, there is room for cooperation, as explained in the next chapter.

The second area of concern is cybersecurity. While the US has used cyber sanctions since 2012 to protect its own democracy and help others to do so, the EU has developed cyber sanctions as a tool to promote democracy, concretely with neighbouring European countries who do not form part of the EU[33]. If the TTC is to discuss cybersecurity at any point, the upcoming EU Joint Cyber Unit is an opportunity to address Member State gaps linked to varying strategic cultures on cyber-willingness to share information and institutional sensibilities amongst departments and ministries within the same country and among several Member States who are likely unaccustomed to collaborating in this realm.

Ultimately, the TTC's security basket might not fulfil its potential to transform global tech governance. Nonetheless, it can provide the positive elements to sustain the transatlantic tech agenda and help it weather the stormier trade and regulatory elements where the US and the EU, despite common interests, still openly clash.

32 In 2018, the European Parliament passed a resolution urging the EU and its Member States to "work towards the start of negotiations on a legally binding instrument prohibiting" these weapons, although Austria has been the only EU Member State calling for a ban on such fully autonomous weapons by 2020, being one out of a total of 30 countries globally which have urged the same petition since 2013.

33 The EU has made cybersecurity into a new layer of foreign policy -although it is for now restricted to the realm of cyber sanctions. The EEAS manages cyber sanctions, but it has not included any other aspect of cyber within the foreign policy framework, except for EU's positioning on international cyber norms for State's responsible behaviour at UN negotiations. Cyber sanctions were created in 2017 with the launch of the first-ever "Cyber Diplomacy Toolbox", which is limited to the aforementioned areas of cybersecurity (Moret & Pawlak, 2017). This toolbox may be extended yearly upon approval. Currently, it has been extended until May 2022. Meanwhile, cyber sanctions in the US are directly mandated by the White House.

Basket III: Democratic values

Table 3. Transatlantic Tech Relations. The TTC. State of play. | October 2021

SECURITY	US position	EU position	State of play
Standards setting	While the US conceives of standards as an economic but also geopolitical asset, it is less influential in international standardization bodies.	The EU pursues a more values-based and human-centric approach to standards and enjoys far more influence than the US in international standardisation bodies.	The parties can combine the EU's greater influence in international standardisation bodies with the US's better public diplomacy tools for building coalitions to together shape tech standards
AI	The US approach is dominated by national security concerns and technological competition with China. The US's goal is to "lead the world in the development and use of trustworthy AI" and it shares EU concerns about the impact of AI surveillance on human rights.	The EU prioritizes economic and human rights issues but also public security concerns (the prohibition on facial recognition systems has some exceptions for law enforcement agencies). The EU's AI goal is to become a "trustworthy partner, oriented to economic growth and social welfare".	Both parties seek to develop trustworthy AI systems which respect universal human rights and shared democratic values. While there are strong concerns regarding authoritarian regimes, AI surveillance systems used within the EU and US will not be addressed.
Content regulation	Despite differences between the Democrats and Republicans, there is convergence on the need to hold platforms responsible for content but no agreement on how to do so.	The Commission first engaged platforms in a voluntary Code of Practice. Current draft legislation (DSA) has not defined what is illegal online, but member states are doing so via national legislation.	Content regulation will be an area of contention at the TTC given differing stances on freedom of expression and levels of regulatory ambition.
Dis-information	US efforts to combat disinformation are supported by numerous public bodies in addition to existing and upcoming pieces of legislation.	The EU is heavily dependent on raw materials from third countries, especially China, for its renewable energy sector. It needs to diversify its import sources.	The US and the EU have decided to jointly map risks stemming from raw materials dependence and help each other fight climate change.
Global South countries	The US approach is dominated by geostrategic concerns rather than by a global digital commons approach.	The EU has a growing but still limited cooperation with the Global South in Africa and lacks a strategy for Latin America and the Caribbean. Few EU Member States have tech cooperation policies aimed at Global South countries.	Both parties have declared their commitment to working multilaterally and with like-minded countries on trade and technology issues. It is still unclear how much can they achieve together at the WTO and other UN bodies.

Together with security, democratic values are the other element that could balance and complement the dead-end market limitations the TTC could stumble into.

As mentioned above, there has been a change of mood in Washington concerning the need to better regulate big tech companies, both in terms of their market power concentration, which is seen as problematic from a democratic point of view, but also in relation to harmful and illegal platform content. Also, while the US's security and foreign policy apparatus regards AI as a critical national security asset in its bid to contain China, the Biden Administration and Washington lawmakers are, like Europeans, also concerned about the ethical challenges of AI-based technologies and therefore more prone to adopt the EU's risk-based approach to AI as a way to deliver a trustworthy and ethical AI legal framework.[34] Similarly, having faced influence operations, election interference and politically motivated cyber-attacks originating in third countries, platforms have started taking measures to deal with these issues, often in cooperation with national governments and the European Commission.

These concerns have made their way into the TTC in various working groups, such as the first working group (technology standards); fifth working group (data governance and technology platforms), which focuses on shared concerns about illegal and harmful content and their algorithmic amplification as well as on disinformation; and a specific sixth working group on the "misuse of technology threatening security and human rights", dedicated to studying ways to combat arbitrary and unlawful surveillance and social scoring, respond to Internet shutdowns, protect human rights defenders online, and cooperate to address information manipulation by foreign actors, including disinformation and interference with democratic processes.

US-EU convergence on these matters should benefit from sharing the experiences of both the US and the EU political systems in dealing with foreign interference, particularly influence operations originating in Russia and using either US social media platforms or Russian state media outlets.[35] Here, the different visions and legal approaches to freedom of expression between the parties are well-established. While in the US, both the practice and constitutional doctrine are deeply reluctant to limit free speech, the majority of EU member states have specific legislation restricting hate speech and allowing governments and courts to sanction individuals and platforms for not limiting or removing content that is considered illegal or harmful. It is true that US and EU differences on these matters should not make agreement impossible, but the role of the courts (particularly in the US in this case) means that eventual agreements could be successfully challenged, as witnessed with the data privacy agreements that were deemed illegal by the European Union Court of Justice.

Still, **as in the rest of issues, the fact that US platforms operate at both sides of the Atlantic should make regulatory convergence easier to achieve. Here, the US could benefit from the dialogue established in the**

34 The EU has launched a risk-based approach establishing a risk-based approach with four levels of risk. Unacceptable risk -which leads to the prohibition of the AI application- include social scoring systems, voice assistance which may encourage children's dangerous behaviour, and others. High risk -which requires strict obligations before being put on the market- include migration, asylum and border control management, law enforcement which may interfere with people's fundamental rights, and other cases. Additionally, facial recognition systems are prohibited, with exceptions due to significant public reasons which are to be defined furtherly.

35 See the US CAATSA Act (Countering America's Adversaries Through Sanctions) which allow to sanction countries engaged in election interfering or the EU's Cyber-diplomacy toolbox (Moret & Pawlak, 2017).

EU with the big tech companies and platforms, which has yielded substantive progress on a variety of topics such as disinformation, influence operations and illegal content. This process has led the platforms to adopt two Codes of Conduct: a Code of Practice on Disinformation and a Code of Conduct on Countering Illegal hate speech online where the main platforms have committed themselves to monitor, tackle, remove and report harmful content as well as trace and stop influence operations by third countries.

> **As in the rest of issues, the fact that US platforms operate at both sides of the Atlantic should make regulatory convergence easier to achieve. Here, the US could benefit from the dialogue established in the EU with the big tech companies and platforms, which has yielded substantive progress on a variety of topics such as disinformation, influence operations and illegal content.**

As in other fields of tech regulation, the EU is a front-runner compared to Washington in regulating US companies on platform content and the misuse of technology, an experience which could make transatlantic convergence easier if it involves US stakeholders too. When it comes to tacking disinformation and threats such as foreign-led influence operations, the EU benefits from the experience of the EEAS's Strategic Communications Service, which systematically gathers and debunks foreign-driven disinformation campaigns. This could form the basis for cooperation given similar US programmes.[36]

The EU also possesses a well-developed strategy to help member states tackle disinformation at home, and a Democracy Action Plan focused on protecting media from disinformation and foreign interference. [37] However, ahead of defining the scope and depth of collaboration with the US, the EU should first gather different Member States' opinions as they have implemented different modalities of response to disinformation (Ignatidou, 2019).[38]

In contrast to disinformation campaigns and informative threats, when it comes to "hard" cybersecurity, often used to attack US and EU and EU member states electoral processes and political institutions such as parliaments or political parties, the superiority of US capacities and experiences means that Washington could take the lead and help like-minded countries lacking adequate means or knowledge secure their cyberspace, including critical infrastructures, industries, and government services.

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36 The US has also established several instruments (SFS, 2020). The State Department's Global Engagement Centre (GEC) focuses on countering state-sponsored disinformation. The State Department also has appointed a specific senior adviser for "Russian malign activities and trends". The FBI set up a Foreign Interference Task Force (FITF) at the end of 2017. An interagency working group -the Russian Influence Group- was also established, and the Department of Homeland Security and the FBI are working towards greater coordination at times of election security.

37 The EU has put forth the "Action Plan against Disinformation"; the monitoring report "Tackling Online Disinformation"; and the voluntary "Code of Practice on Disinformation". The EU has also created a new EU rapid alert system (RAS) to expose current disinformation campaigns in real time. ENISA (EU's Cybersecurity Agency) has classified "election systems" as critical infrastructure.

38 The Czech Republic labels foreign influence operations as a national security threat; Finland focuses on training officials and media literacy; France has passed an anti-disinformation law; Germany has approved a Network Enforcement Act; Spain has created a taskforce at the National Security Department); Sweden emphasizes training, media literacy, and education curriculum.

US-EU cooperation should not be limited to working bilaterally in these areas. There is great potential for extending cooperation to protect all democracies, whether established, fragile, or in transition, from these threats. Given the US and the EU have the capacity but also the technical and financial means to help struggling democracies counteract foreign influence operations, securing democracies abroad and enlisting global multilateral institutions to support this should be one key goal of the TTC. In helping ban and remove massive surveillance technologies, the US and the EU can counter authoritarian governments' aggressive deployment of technologies and tools, making democracies more fragile and authoritarian governments stronger.[39]

This global agenda of tech cooperation which the US and the EU should together implement, must not overlook connectivity and infrastructural issues.[40] Despite the record growth in ICT access, connectivity is still biased towards the Western hemisphere, while entire regions in the Global South continue to lack regular and/or quality access to the internet and e-trade in goods and services. As became acutely apparent during the pandemic, connectivity and digital technologies can make a difference in terms of growth, development, and reducing social inequalities. While most of the West and Asia have entered a new (digital) age, large swathes of Africa and South Asia are still offline.[41]

The EU, which already boasts a connectivity strategy and some positive experiences such as the Bella submarine cable linking Europe and Latin America (and it's now discussing a "Global Gateway" program), should invite the US to collaborate with it and ensure the benefits of the tech revolution are not confined to the "first-class" passengers of the Western hemisphere. The 2006 UN/UIT Tunis Agenda for the Information Society calling for a fair, inclusive, and properly funded global Internet governance and the inclusion of technology in the UN Sustainable Development Goals (UN-DESA Goal 9) are a good reminder of the fact that the digital revolution should not widen existing gaps but help close them and responsibilities which most advanced countries have in those efforts. The TTC should provide an opportunity for both the US and the EU to connect these goals with their wider geopolitical struggle with China for global influence.[42]

Another reminder is the strong presence of China's Digital Silk Road in Sub-Saharan African, Latin American, and Caribbean countries through specific projects on 5G, submarine cable, and even satellites (Malena, 2021). Both the EU and the US are lagging in LAC.Meanwhile, with Africa, the EU is now defining a first line of collaboration while the US has already done so through the lens of private companies (but not via a directly government-led or coordinated project as such)). The EU also counts on the EU-Asia connectivity strategy which, as recently announced by the President of the Commission, Ursula von der Leyen, is growing into a global connectivity strategy dubbed "Global Gateway".

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39 A recent Report by Facebook (Gleicher et al., 2021) mapping 130 Coordinated Inauthentic Behaviour (CIB) events in the period 2017-2020 aimed at seeding disinformation in third countries, placed Russia and Iran in the top list of responsibility for these operations, and showed the US and Ukraine as the main targets.

40 Connectivity is a key battlefield of great power competition. Together with 5G, Submarine cables and cloud services are also key domains for tech sovereignty and rivalry. Here, Amazon Web Services, Google Cloud Platform and Microsoft Azure dominate the markets, but Chinese Alibaba Cloud services are catching up. While Europe is the largest Internet bandwidth user (with 211 kbits/s versus 130 for the Americas and 102 for Asia Pacific), it lacks relevant cloud service providers (ITU, 2019).

41 Though the number of Internet users grew at a 10% rate every year from 2005 to 2019, reaching 4.1 billion people (53% of the world population), inequalities are gross: 86.6% of these users are concentrated in developed countries and only 19% are in the least developed countries (ITU, 2019).

42 See the USAID Digital Strategy and the EU Digital for Development Hub (D4D).

Part IV
Conclusions

Compared to previous transatlantic rapprochement attempts such as the 1995 New Transatlantic Agenda, the 2007 Transatlantic Economic Council or the failed TTIP, the TTC has two new elements. First, it occurs at a time of strong bilateral rivalry between the US and China. Second, it concerns the governance of a new and critical area of interaction among great powers: technology, which is shaping the economy, societies, and, fundamentally, geopolitics. Therefore, as China promotes alliances and partnerships through its Digital Silk Road, the TTC should not be seen solely as a means to enhance markets and solve bilateral regulatory disputes between the US and the EU, but as the embryo of an alternative global technology governance model to China's.

However, before pointing the finger at authoritarian regimes, the TTC needs to show it can help democracies use and regulate technologies in a positive and beneficial way. To ensure the TTC's success, it needs to first deliver actionable and tangible results. The TTC has done well to organize its work into ten working groups to issue small, specific, actionable deliverables in a short timeframe, rather than seeking "big accords" (Donahoe & Polyakova, 2020). However, this should be accompanied by additional publicly available information on the content of these working groups and constant communication with media, think tanks, and civil society will be necessary to avoid the the perception spreading that the TTC is a covert attempt to resuscitate the TTIP outside the public light.

Negotiations held during the TTC process should always bear in mind advancements in technology governance, not only by organizations such as the WTO, the IMF, or the OECD, but also by standards organizations, the ITU, development cooperation agencies, and other UN institutions adapting international law - from humanitarian to human rights law and roadmaps - to the challenges of new technologies. This does not mean that the TTC should become a forum devising proposals to be directly addressed to these organizations. Doing so may jeopardize third countries' alignment with the EU-US technology governance model as partners may fear joining a project whose mandate and content they have not helped shape. The TTC needs to become a space for the EU and the US to create a common agenda on tech governance - in some areas with lowest common denominators but in other areas with a greater degree of depth and scope - to later seek partners, allies, and like-minded countries to join this agenda, and thus enable a proposal with many supporters to be introduced to international organizations.

Despite NATO's ups and downs, the spat around the AUKUS alliance, or the Quad group promoted by the US, both the EU and the US should seize upon the momentum and strengthen the TTC's global security and democratic narrative. Doing so will lead the EU and the US to create new interdependences and lines of dialogue and cooperation with third countries. These tech dialogues with third countries and multilateral institutions can help create confidence and serve to address political polarization, build public trust in democratic institutions, guarantee media pluralism and online activism's protection, and promote ethical and trustworthy technologies that provide social cohesion and protection from surveillance technologies.

Admittedly, the EU and the US are not expected to approach every country or region with a joint, well-defined agenda. However, there is room for coordination in several dimensions. First, because except for the Global Partnership on AI (GPAI) launched at the margins of the G7 2018 Summit hosted by Canada and endorsed by the OECD and the UNESCO, proposals on global tech alliances on democracies such as the D10 or T12 have not received strong support due to fears of generating new fault lines. However, the EU and the US are unilaterally deploying their own strategies in similar regions and, uncoincidentally, almost simultaneously (see, for example, the September 2021 EU's Strategy for Cooperation in the Indo-Pacific coinciding with the Quad Alliance's first meeting also in September 2021).

While the EU and the US may have different strategies for the Indo-Pacific, Africa or Latin America regions, the TTC may become an opportune setting to map common risks and threats in terms of regional and global security, identify potential areas for strong bilateral cooperation, and define specifically what cooperation could entail in each area and for each ally or like-minded country. Cooperation could range from working with an ally via a single, one-stop, joint EU-US proposal, pooling funds, or resources for common goals while maintaining individual bilateral relationships with allies or allowing each partner to manage their own tech governance activities with third countries but seek in the TTC mutual support when a specific crisis or event occurs.

This could be achieved if the TTC helped the US and the EU to consider aligning their technology diplomacy, a process that could be facilitated by the recent decisions of the US Department of State to create a new Bureau of Cyberspace and Digital Policy and appoint a Special Envoy for Critical and Emerging Tech and the EU External Action Service (EEAS) setting up of a new unit to deal with Connectivity and Digital Transition at the Global Agenda and Multilateral Relations Directorate. The European External Action Service should garner support for this proposal by first collecting and negotiating the views of the EU Member States, including both those countries which already have tech diplomacy strategies and those lacking them.

Alignment in some areas and cooperation in other realms do not mean that both sides must agree on every issue. Rather, big differences can be expected to remain on 5G, data privacy and data flows, platform regulation, and China. However, cooperation may mean information-sharing on political risk mapping, coalition-building on specific technology areas, or supporting one another's public diplomacy strategies in regional, multilateral, or global fora. US tech companies are already operating in the EU territory under EU regulations and providing digital services to millions of European citizens, which makes them European companies. This overwhelming presence of US tech companies in the EU means that there is already de facto transatlantic tech market. Reaching agreement on a level-playing field and regulatory harmonization should not be impossible.

An additional task for the TTC in this line would be to define strategies for often-overlooked regions such as Latin America and the Caribbean, which may facilitate major advancement in the promotion of democratic tech governance. Countries that have long partnered with European or US companies but in recent times are prioritizing China's Digital Silk Road portfolio and offers should be a priority for the channelling of TTC outcomes into international organizations when building coalitions or issuing proposals (Jorge-Ricart, 21 April 2021).

However, this very promising tech agenda should not be taken for granted; significant obstacles remain. For the EU and its member states, one big question mark hovers over the TTC and the US's renewed commitment to transatlantic relations: whether the political dynamics in the US - with a democratic system that is not fully out of the woods following the populist challenge it has suffered and which faces a worrying electoral horizon starting in 2023 and ending in the presidential elections of 2024- can sustain a long-term strategic exercise such as the one the TTC requires to succeed. The US may also harbour legitimate concerns as to whether the EU can sustain a liberal approach to trade and tech issues given persistent protectionist (and populist) pressures in its member states. Should the parties believe that the US-EU transatlantic relation is living on borrowed time, they would opt for the low-hanging fruit and forget about a long-term global strategic vision and ambition, which would end up hollowing out the TTC before it can reach its goals.

Similarly, on the US side, the recent AUKUS dispute - which attests to the US's geostrategic urgency to contain China - may indicate that the US sees the TTC as merely a bilateral process by which to alleviate transatlantic tensions but not as a vehicle for the major strategic investment the US has in mind when it comes to the containment of China through democratic and security tech governance (Shea, 2021). The proliferation of regional tech alliances led by the US and others may point to a demand for a more robust model of democratic tech governance and maybe the anteroom of a stronger multilateral order. However, it could also indicate that the US, while preferring broad multilateral agreements, may consider a flexible hub and spoke approach in which Washington leads coalitions of the willing with variable geometries in different regions as a second-best option to serve its interests should the TTC fail to deliver.

Also, the EU's slow, inward-looking, and predominantly regulatory approach, together with its lack of strategic ambition and global reach, may be another factor undermining the TTC if it compels an exasperated Washington to decide not to wait for Brussels and instead pursue an ad hoc set of regional alliances with like-minded countries. As public opinion polls in the EU show, Europeans are divided on how much they want to invest in achieving their strategic autonomy or continue being dependent on Washington, but the majority do not want to join the US in a new Cold War to contain the rise of China (Krastev & Leonard, 2020).

US-EU differences in the understanding of free speech, data privacy, platform regulation and competition policies should not prevent the two partners from making the TTC a tool for securing democracies abroad. Regardless of their different visions and objectives, the EU and US have powerful incentives to work together on a common digital agenda, both bilaterally and internationally, based on enhanced cooperation in security, protecting democracy and market pillars. The TTC provides ample opportunity. Whether the US and EU find a way to work together and what that cooperation will look like will decisively shape the future of technology and the global distribution of power.

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