

Transatlantic relations between the US and the EU in the second and third decades of the 21st century - main challenges

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Abstract

For seven decades the transatlantic partnership was a key element of the international order after World War II. Its existence was conditioned by the involvement of the USA and Europe in striving for the socio-economic development of both regions. However, political changes, such as the growing power of China and the conflict between the European Union and Russia, lead to further evolution of the partnership. Therefore, the main aim of the study is to analyze the challenges and transformations in transatlantic relations, with particular emphasis on economic and energy aspects. This analysis mainly concerns the period of the second and third decades of the 21st century and was performed using the descriptive method. The research carried out shows that the US and EU economies are closely interconnected, although they compete with each other. Despite this phenomenon, the authors of the study noticed that transatlantic relations were stabilizing. The EU and the US quickly repaired their relations. Nevertheless, there are indications that the lack of balanced development of the EU threatens its position as an equal trading partner for the US. To prevent this, the European Union should strengthen the socio-economic development of problem regions.

Introduction

For seven decades, the transatlantic partnership has been the basis of the international order after World War II. It resulted from the joint commitment of the United States and Europe to democracy, human rights and open trade. The creation of transatlantic relations provided the basis for a liberal international order (Dimitrova, 2020).

Historically, the development of new technologies has led to higher increase in productivity in Europe and the US compared to the rest of the world. This resulted in economic asymmetry in the global economy, which ultimately led to the geopolitical domination of Europe and the USA over Africa and Asia (Findlay & O'Rourke, 2007). In contrast, with the adoption of the Lisbon Treaty, the European Union has taken a step towards playing a significant role in trade, environment and social issues (Van Langenhove & Marchesi, 2008; Rudloff & Laurer, 2017). Changes taking place in the system of global socio-economic forces resulted in significant transformations in transatlantic relations in the second and third decades of the 21st century. Therefore the aim of this work is to present the main challenges and changes taking place in transatlantic relations between the EU and the USA in the second and third decades of the 21st century. To achieve this goal, the descriptive method was applied. To achieve the research goal, it was assumed that the article would consist of three parts. The introduction contains a review of the literature on the subject and theoretical considerations on the socio-economic position of the European Union and the United States in the 21st century. The next two parts deal with economic relations between the EU and the USA and their joint efforts to achieve energy security. These considerations lead to conclusions based on which potential guidelines for the stabilization and further development of transatlantic relations are formulated.

Many authors of contemporary works from the first decade of the 21st century have observed that the European Union has become a global power (Schnabel, 2005; Rifkin, 2004), although the debate on this subject is polarized. From the end of the first to the beginning of the second decade of the 21st century, it was noticed that Europe's economic and political power had diminished. The issue of playing the role of a global superpower does not exclusively rely on the value of relative military strength (Russia realized that during the war with Ukraine in 2022). An important aspect in this regard are the so-called "playing fields", i.e. institutionalized organizations (UN, WTO, IMF and others), and the status of a global power cannot be achieved outside the "playing fields" of multilateralism (Van Langenhove, 2010). The European Union cannot be considered a superpower in the conventional sense. First, it lacks political and constitutional unity and is not sovereign in the traditional sense (Howorth, 2010). On the other hand, since 2011 it has been able to speak in the UN General Assembly as one of the groups (on behalf of EU member states). However, Europe's loss of influence may be evidenced by the fact that during the Obama presidency, talks on Resolution 1929 on Iran took place only between China and the US.

Another perspective of seeing the EU as a superpower focuses more on the achievements of the European Union in a normative sense. Unlike the US, the EU is not a state. Therefore, concepts of the EU as a military or civilian power should be concentrated on a normative force that focuses on shared ideas and principles. The EU promotes its own standards through supranational forms of governance (King, 1999). The European Union is a completely different political form - a more complex system that takes on a new form of structure. This entity operates on the basis of the legal order of treaty (Manners, 2002).

Undoubtedly, energetic security is an important issue in relations between the EU and the US. According to the report of the Swedish Defense Research Agency from 2008, since the collapse of the USSR, Russia has threatened to or discontinued natural gas delivery to the

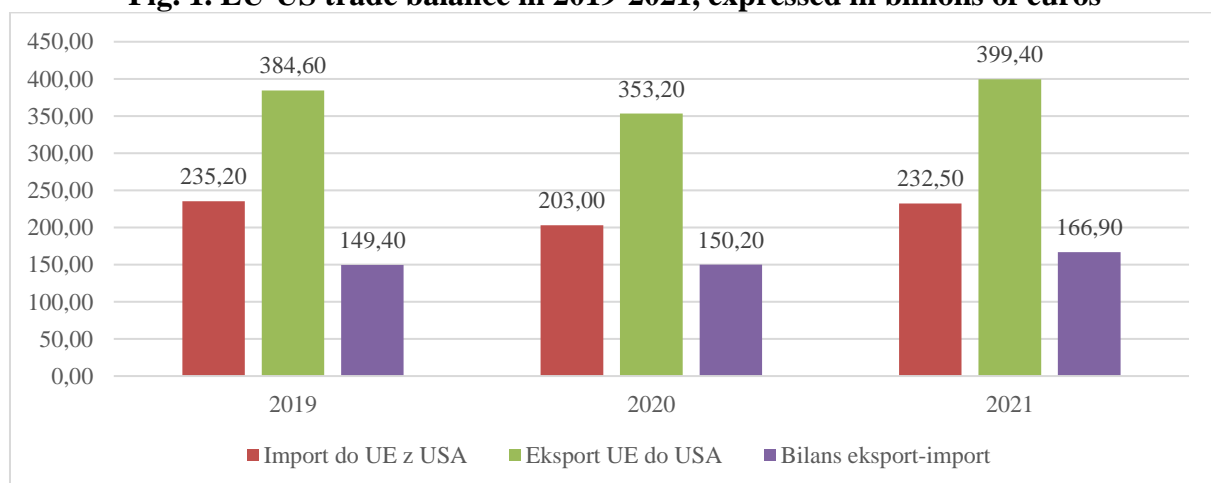
European Union's neighboring countries 40 times already (Ghaleb, 2011). In 2022, as a result of the war between Russia and Ukraine, EU countries clashed with Russia over the payment for pipeline gas exported by Gazprom. On April 26, 2022, Gazprom issued a statement on the cessation of gas supplies to Poland via the Jamal-Europe gas pipeline and to Bulgaria as both countries refused to pay the company for gas in rubles (Deutsche Welle, 2022a). On May 11, 2022, the Ukrainian gas network operator stopped the flow through the Sokhranovka point (Chestney, 2022a). On May 20, 2022, Finland was informed by Gazprom that gas supplies would be suspended due to a refusal to pay for gas in rubles (Kauranen & Buli, 2022). In June 2022, Gazprom issued a statement on reducing the flow of gas through the Nord Stream 1 pipeline. The reason was allegedly the lack of return of compressor units sent to Canada for repair (Chambers & Steitz, 2022). Limiting gas supplies via the Nord Stream 1 pipeline to 40% of its capacity resulted in European gas prices increasing by around 30% on June 16, 2022. At the same time, Russia announced that it may completely suspend gas supplies due to problems with the repair of the pipeline (Chestney, 2022b). The culmination of the gas conflict between Russia and the European Union occurred in the holiday season of 2022. On July 11, the Russian side turned off Nord Stream 1, allegedly for service reasons. It should be emphasized that despite the repair of the turbine in Canada, it could not be sent to Russia due to sanctions. Instead, the turbine was posted to Germany (Deutsche Welle, 2022b). On September 26, 2022, the Nord Stream 1 and 2 gas pipelines located in the Baltic Sea burst. However, as of October 7, 2022, Swedish investigators indicated that the crack could be the result of sabotage (Anderson, 2022). Already in 2011, A. Ghaleb emphasized that with Europe's strong dependence on Russian gas, it is only a matter of time before Russia will use its advantage as an instrument of coercion against European states (Ghaleb, 2011). The same aspect was pointed out by Z. Baran, who already in 2008 stated that there was no European strategy that would deal with Russia's control over energy supplies (Baran, 2008). Unfortunately, one can get the impression that this problem has been underestimated in the 21st century. Information on the gas conflict in 2022 shows that Russia may disrupt supplies to individual countries. Despite this, some countries, such as Poland, have tried to increase their bargaining power in natural gas negotiations with Russia (Najwyższa Izba Kontroli, 2022). The energy transformation contributes to the redistribution of power – exporters and producers of fossil fuels suffer because of it. Countries that have a large capacity to generate renewable energy are gaining influence, and in this respect the European Union can expect tensions and competition from China and Russia (Anthony et al., 2021). Therefore, one of the reasonable solutions would be to unite the European front and consolidate bargaining power in Europe (European Commission, 2021).

Analyzing transatlantic relations between Europe and America during the Cold War, one can claim that they were good. America and Europe were under pressure from the common threat of military conflict. The end of the Cold War period in 1989 caused Europe and the United States to divide and pursue different goals. A. Moravcsik claimed that the war in Iraq (2003-2011) was the best proof of the crisis in the Western alliance. It sparked a series of discussions on transatlantic relations. The debate focused mainly on Europe's security in terms of its defense capabilities (Bindi, 2010). It was noticed that there is a need to create a specific counterbalance to the United States in the military sphere. With regard to military transatlantic relations between the US and the EU, there is an important issue of NATO organization. It should be emphasized that in institutional terms, the European Union has no relations with NATO at all, although such relations do exist on the basis of the Common Security and Defense Policy (CSDP). In 2009, the current name CSDP was introduced, the European External Action Service, the Mutual Defense Clause (which enabled some member states to integrate defense) was established. The CSDP document emphasizes that multilateralism is the basis of foreign policy. The European Union is involved in coordination and cooperation structures such as the

UN, NATO, the African Union, the G5 Sahel Group, the OSCE and the Association of Southeast Asian Nations (European Parliament, 2021). More importantly, the relationship between the EU and NATO arising from the CSDP is a small element of the overall relationship between the organizations. It should be noted, however, that despite a similar list of EU and NATO members, their relations cannot be called fully operational (Smith, 2011). On the other hand, the policies of the United States and Europe after the Cold War were quite convergent. Countries belonging to the European Union strive to increase their comparative advantage. The United States is pursuing a similar plan of action. In this context, relations between the US and the EU in the second and third decades of the 21st century can be divided into institutional, commercial, legal, environmental and energy. The further part of the work focuses on economic and energy relations.

The US and EU economies are similar in some respects. S. Casaux and A. Turrini (2011) observed at the beginning of the second decade of the 21st century that some EU countries were similar to the US in terms of their reaction to recession (crisis from 2007 to 2009). It was noted that the economies of the US and some EU countries were characterized by a large increase in the number of liquidated jobs, followed by a decrease in the number of created jobs. In this regard, among the EU members, asymmetric reactions to the crisis concerned countries such as Belgium, Italy, Germany and France. This was related to the implementation of "short-time work schemes" in these countries. In the second decade of the 21st century, the European Union became a powerful player on the market. Thus, trade and competition policy is and has been a major topic of discussion and decisions between the US and the EU. In addition, these two markets are strongly interdependent. In 2018, the combined GDP of the European Union and the United States accounted for approximately 42.6% (Eurostat, 2020), and in 2021 approximately 42.4% of global GDP (Eurostat, 2020; Statistics Times, 2022). Despite the economic difficulties caused by the COVID-19 pandemic, trade relations between the EU and the US remained strong. In 2020, the European Union exported to the United States goods worth approximately 353 billion euros (Fig. 1) - almost 2 billion euros more than in 2018. US investments in the EU, which were three times higher than in Asia, remained an important aspect. Based on the data presented by the European Commission, it can be concluded that the EU's capital involvement in the US is 8 times higher than in India and China. Moreover, EU and US investments contribute to economic growth and employment. About 1/3 of total transatlantic trade constitute intra-corporate transfers. This proves close economic integration between the EU and the US.

Fig. 1. EU-US trade balance in 2019-2021, expressed in billions of euros



Source: own study based on Eurostat in 2021.

EU-US economic relations

At the beginning of the second decade of the 21st century, a summary of the EU-US summit was held (in 2010). It exposed the untapped potential of transatlantic trade. It was pointed out that the EU and US development goals are convergent. In addition, it was stated that the Transatlantic Economic Council (TEC) will play an important role in the joint implementation of economic goals. This organization was entrusted with developing a transatlantic program to stimulate economic growth. The task of the TEC was also to coordinate the development of regulations on new technologies and sectors, and above all, establish common rules for the free transatlantic movement of products and services (Council of the European Union, 2010a, 2010b).

The EU-US summit in 2011 pointed to major problems in the global economy. As part of it, a discussion was undertaken on short-term measures aimed at reviving economic growth, such as: creating new jobs and striving for financial stability of countries. In addition, a commitment was made to fully implement the assumptions of the G20 Summit in Cannes (G20, 2011), at which an action plan on volatile food prices was approved. During the summit, it was pointed out that the Transatlantic Economic Council has made progress on the security of supply chains, the introduction of electric vehicles and the development of infrastructure, and practices regarding the regulation of small and medium-sized enterprises in the field of IT technology. It was also decided that the function of TEC was to strengthen transatlantic cooperation in key sectors (nanotechnology and raw materials). This summit additionally addressed the issue of intellectual property rights. In this regard, TEC was called on to continue work on equalizing opportunities for EU and US companies in third countries. In addition, a commitment was made to strengthen the EU-US investment relationship. Therefore, TEC was obliged to set up a joint high-level working group on jobs and growth. It was emphasized that economic relations between the EU and the US are the most integrated on a worldwide scale (Council of the European Union, 2011).

The next EU-US summit took place in 2014. During the meeting, it was noted that the US and the EU strive to build shared prosperity by attempting to establish a Transatlantic Trade and Investment Partnership (TTIP) (European Commission, 2019). It was also emphasized that it is important to continuously strengthen economic growth and create new jobs. Moreover, it was indicated that stabilizing financial conditions in order to stimulate economic growth in the short term, as well as promoting sustainable growth and reducing unemployment among young people is an important step. An important aspect was the joint declaration on creating a more stable financial system. In the summary of the summit, it was stated that fiscal stability in developed economies is of key importance for a strong economic recovery of countries. The United States and the European Union emphasized that the common goals are: expanding access to markets for goods and services, public procurement, investment, and increasing regulatory compliance (Council of the European Union, 2014a). The TTIP trade agreement negotiated since 2013 would be the largest trade agreement in the world with huge potential (2 largest economic areas). Unfortunately, negotiations on the agreement were interrupted by US President Donald Trump (Erlanger, 2018), who was the initiator of the conflict between the US and the EU.

In 2017, a meeting was held between the leaders of the European Union and the President of the United States, Donald Trump. The next one took place no sooner than in 2021. After unsuccessful trade negotiations between the EU and the US (TTIP agreement) during the 2017 summit, the EU side stated that the EU and the US can cooperate on many levels and analyze the potential of trade relations. It was confirmed that leaders expressed their support for the idea of a working group summoned to deal with difficult trade issues. Furthermore,

unfair trade practices of other countries and cooperation with them at this level was among the issues discussed.

Despite ongoing disagreements between the US and the EU, Donald Trump and European Commission President Jean-Claude Juncker reached an agreement in 2018. However, since then, there have been differences in opinions on what should be included in the transatlantic trade relations. In this regard, Schneider-Petsinger emphasized that the best solution to the difficult situation would be to adopt a multifaceted approach focused on the transatlantic market and common global challenges of the US and the EU (Schneider-Petsinger, 2021). In addition, Welfens pointed out that Donald Trump's actions resulted in a reduction in trade on an international scale, as his administration significantly weakened the WTO and other international organizations. US administration pursued a protectionist trade policy, which, although directed mainly against China, also sent signals to the EU about the potential imposition of tariffs on some goods (Welfens, 2020).

A report prepared by the Congressional Research Service in 2022 indicates that many members of the US Congress supported the TTIP negotiations as early as under the presidency of Barack Obama (Congressional Research Service, 2022). His presidency was an important element of transatlantic relations in the second decade of the 21st century. Obama focused on issues that were important for the development of the EU (Chivvis & Puglierin, 2016; European Parliament, 2017). The US supported the EU during the Eurozone crisis – it provided funds to the International Monetary Fund and extended currency swaps to central banks (via the US Federal Reserve). European Union countries cooperated with the US in securing cyber infrastructure against criminals attacks. Barack Obama took also actions to combat climate change. During his presidency, the US supported investments in clean energy and European energy independence.

Important economic issues such as the creation of the world's largest free market for trade in goods and services were suspended for 4 years until the second decade of the 21st century (as a result of Donald Trump's policy). Cessation of cooperation in this aspect has led to the European Union's loss of seriousness in its approach towards this project. A laconic statement of the European Commission from 2019 said that the European Commission recognized the TTIP negotiations as outdated and "no longer applicable". (European Commission, 2019). It was published on the website and indicated a significant deterioration in economic relations between the EU and the US at the end of the second decade of the 21st century. However, with the formation of the new administration of US President Joe Biden, the EU expressed its willingness of cooperation to solve trade problems through negotiations within the World Trade Organization (WTO). The September 29, 2021 meeting of the Trade and Technology Council commenced a series of talks on big tech and cooperation on taxation and market disruption. The European Union has started talks on cooperation with the US in the field of artificial intelligence development, data flow, regulations and legal standards. In addition, on March 5, 2021, Joe Biden and Ursula von der Leyen announced a 4-month suspension of tariffs imposed in 2020 regarding a dispute over subsidies for aircraft manufacturers (Airbus-Boeing). In June 2021, at the EU-US summit, the parties reached a 5-year agreement on this matter (European Parliament, 2022).

Until Donald Trump took office as president of the United States, US and EU trade policy was based on uniform rules (taking into account, for example, changes in tariff rates). The European Union applied measures of protection against dumping and excessive subsidization of enterprises as well as excessive imports from third countries. TDI instruments (Trade Defense Instruments) were introduced by the regulation of the Council of the European Union No. 1225/2009 of November 30, 2009 (replaced by document 32016R1036 in 2016) and No. 597/2009 of June 11, 2009 (no longer applicable since 2016, replaced by 32016R1037 document). The aim of the measures adopted was to respond to dumped and subsidized imports

(to European markets). The introduced regulations counteracted unfair economic practices. In addition, until the mid-2000s, the European Union used liberalization instruments, which resulted in preferential access to the EU market for the US. The most important measures were tariff measures such as tariff suspensions and tariff quotas. Prior to 2015, institutions and mechanisms were established to support economic cooperation between the EU and the US. Many agreements that affected mutual trade were also signed – primarily agreements eliminating technical barriers in the exchange of goods. The arrangements adopted by the EU and the US contributed to the signing of many agreements under the GATT (General Agreement on Tariffs and Trade, currently WTO - World Trade Organization) (Czermińska, 2014).

Energy safety

An important aspect in economic relations is the cooperation between the EU and the US in the field of energy and sustainable development. Both sides aim to increase stability in global energy markets. In 2009, the EU-US Energy Council was established (Ministry of Foreign Affairs of the Republic of Poland, 2015). This cooperation was aimed at development of new technologies in the field of environmental protection.

In 2010, a meeting of the second Energy Council was held. It was pointed out that energy is an extremely important element of the dialogue between the European Union and the United States. Energy cooperation affects the security and well-being of societies. During the council, the working group activity on energy security was reviewed - this had an impact on decisions regarding the diversification of natural gas sources (determining new routes) for Europe (Council of European Union, 2010).

The third meeting of the Energy Council (2011) resulted in the completion of negotiations on common energy efficiency specifications for office equipment (including the standard for the use of the "Energy Star" logo). This agreement set targets for identifying energy-efficient and cost-effective products for office equipment manufacturers. In addition, the EU and the US continued their dialogue on shale gas. Furthermore, the EU and the US considered it important to promote the protection of nuclear power plants and offshore oil and gas exploration (in this regard, the partners expressed their intention to deepen cooperation). Additionally, the Energy Council called for more intensive research cooperation for the development of common energy. An important aspect of the Council was the approval of four out of nine areas of cooperation, such as: advanced materials (including materials critical for clean energy supply), smart grids and energy storage for grids, nuclear fusion, hydrogen and fuel cell technologies. The Energy Council stated in 2011 that it is important to prepare two-year joint action plans in all energy sectors.

The 4th Energy Council (2012) pointed to successes in consolidating the EU's internal energy market – it reduced the vulnerability of EU countries to gas supply disruptions and had a positive impact on the diversification of electricity and gas sources and routes. The Energy Council confirmed that the development of shale gas and shale oil production in the United States has an impact on global energy markets. Cooperation between the EU and the United States in terms of exerting pressure on Iran (to fulfill its international obligations) was assessed positively. This concerned primarily the policy of sanctions on the export of Iranian oil (Council of the European Union, 2012).

The meeting of the Fifth Energy Council (2013) highlighted the current problems regarding energy security resulting from the development of the negative situation in Ukraine. The Council underlined the need to strengthen energy security in Europe. It was also pointed out that relations in the exchange of raw materials with Russia must be based, i.a., on reciprocity and fairness. In addition, the EU and the US announced cooperation with Ukraine and international partners on increasing energy efficiency, market transparency and restructuring the Ukrainian Naftogaz. The Energy Council confirmed the commitments of

cooperation with Ukraine in the field of legal reforms that were to contribute to improving its energy security. Efforts by EU member states to reduce external energy dependence through further diversification of gas supplies and routes were also noted. In this regard, the prospect of exporting LNG from the US to Europe has emerged. The European Union and the United States have adopted common goals for the evolution of energy policy that support the transition to a low-carbon economy (Council of the European Union, 2014a).

As a result of the Russian aggression in 2014, a threat to the EU's energy security appeared on the territory of Ukraine. Even then, it was predicted that there might be another attack on Ukraine soon (it was attacked again in 2022). In 2014, the Energy Council adopted a trilateral gas agreement. It made a significant contribution to ensuring the security of gas supplies to Ukraine. The document also indicated that a de-escalation of the conflict between Ukraine and Russia was possible (since a long-term gas agreement had been reached between the two countries). The Energy Council stated that the EU and the US would support the new Ukrainian government and stressed the need for reforms in the Ukrainian energy sector (including integration of the Ukrainian energy market with the EU market). In addition, the Energy Council confirmed that the territorial integrity, independence and sovereignty of Ukraine is an extremely important aspect. The Council called on all parties to implement the Minsk agreements quickly and without delay. Appeals were also made to stop violating the ceasefire and to withdraw illegal foreign forces and military equipment from the territory of Ukraine under constant monitoring by the OSCE (Organization for Security and Cooperation in Europe). At the same time, the Energy Council agreed on the need to implement appropriate sanctions against Russia while strengthening measures against separatists. The last report from the meeting of the Energy Council (in 2014) before the second half of the second decade of the 21st century pointed to positive aspects in terms of energy diversification of European countries. The Energy Council positively assessed the inauguration of the LNG terminal in Klaipeda, Lithuania, and the opening of the gas interconnection (in reverse direction) between Ukraine and Slovakia, which complements the reverse connection between Ukraine, Hungary and Poland. In November 2014, Estonia and Finland adopted an agreement on the Baltic gas pipeline and regional LNG terminal, which was positively assessed by the Council (Council of the European Union, 2014b).

The next, seventh meeting of the Energy Council was held in 2016. By the end of the second decade of the 21st century, such a meeting was held again (in 2018). These summits took place at a time when there was a discrepancy in EU-US relations. This can be linked to the rule of the President of the United States Donald Trump (appointed in 2017). Unfortunately, Donald Trump used offensive rhetoric that alienated Europeans. He treated the European Union as an enemy or competitor. NATO, on the other hand, was described by Trump as an obsolete organization. Donald Trump's policy was transactional. He made unilateral decisions without prior consultation (e.g. withdrawal of US troops from Syria or Germany) (Alcaro, 2020). Trump led to the dismantling of international institutions that were built under US leadership. The rhetoric adopted by him weakened the transatlantic partnership (the TTIP agreement). More importantly, his handling of the pandemic has seriously undermined the foundations of that leadership. Donald Trump has shown a complete disregard for science during the pandemic. His presidency has created a kind of uncertainty in Europe about future of transatlantic relations. Differences on political and trade issues in the context of EU-US cooperation have always existed, but they have never led to such a big discrepancy between the two parties as it happened during Trump's presidency.

The impact of Donald Trump on transatlantic relations has been studied by various media. In this regard, it is worth mentioning a survey conducted by the Foreign Affairs magazine (Foreign Affairs, 2021). The study, carried out with the participation of experts, showed that the transatlantic relations were seriously damaged in terms of energy security and

trade. Conflicting issues have arisen between the Trump administration and the European Union, such as Brexit, NATO, trade and energy security. Previous US presidents have supported the EU enlargement process. This was important for the security of US interests. On the other hand, during Trump's presidency, the European Union was perceived as a competitor. Therefore, the process of Britain's withdrawal from the EU and the internal weakening of the US were supported by the Trump's administration.

Discussion

Until 1989, the global system after the end of World War II was bipolar. However, since 1989 it has taken the form of an unstable unipolar system. Relations between countries in the 21st century show, however, that a multipolar system is slowly emerging. This can be confirmed by the fact that the world order is changing - the dominance of the United States as a stabilizing factor is diminishing, new leaders are emerging (such as China), which may contribute to the overthrow of the existing world order. This is reflected in the nature of relations between the US and the EU. Tensions between the EU and the US stem from the ambitions of European countries to build their own army. In this case, the European Union could become a competitor and it would be capable of solving global problems.

It is worth emphasizing that the EU and the US are currently the most important participants in global trade. One of the key aspects in the development of the EU and US economies is the development of new technologies. Breakthrough innovations can make a difference in terms of competitiveness. The European Union is a leader in low-carbon technologies, big data and robotics, and in the field of quantum technologies this role is played by the USA, Japan and China (European Commission, 2021). It is noted that EU policy towards the US was contested in the European Parliament in 2014-2019. There is evidence of increased politicization in transatlantic relations in the period under review. The political space in the European Parliament is organized along party-political lines. When it comes to transatlantic relations, the left/right dimension dominated the political space. Opposition to the US was strongest in the radical left, and groups friendly to the US included centrist groups - in particular, the center-right (Wagner et al., 2021). Therefore, both important and positive transatlantic accent after the Trump presidency has finished, was the publication of the agenda in 2020 before the presidency of Joe Biden started. It outlined prospective opportunities for cooperation in the field of pandemic, climate, trade, democracy and security (European Parliament, 2022). In addition, on August 21, 2020, the US Trade Representative (R. Lighthizer) and the EU Commissioner for Trade (P. Hogan) announced an agreement on the tariff reductions package facilitating access to US and EU markets. These were the first tariff cuts negotiated by the US and the EU in over two decades (European Commission, 2020).

American elites and companies in the 21st century are in a period of disintegrating power structure. Cooperation with European and Asian elites maintains this structure. Great empires extract resources from the periphery and in return transfer production and cultural technologies. At the same time, this creates a problem related to the possibility of catching up with empires in the economic and military sense by peripheral countries (Schwartz, 2021). Therefore, it becomes crucial for developed economies to capture increased profits by companies monopolizing sectors. This leads to the conclusion that increasing the global power of empires such as the US and the EU must be based on their close and stable cooperation. In the second decade and at the beginning of the third decade of the 21st century, the European Union struggled with many crises. Apart from Brexit, which caused the United Kingdom (one of the largest members) to leave the Community, the EU has experienced migration crises. In 2015, EU countries received a total of 1,216,860 asylum applications, and in 2016 the number was 1,166,815 (Eurostat, 2022a). In addition, the European Union is fighting Russian aggression, climate change and the challenges of global warming (Cross & Karolewski 2017,

Riddervold & Newsome, 2018). The US are also facing similar challenges. Therefore, in the third decade of the 21st century, the main goal should be to stabilize economic and political relations between the EU and the USA. After a period of shocks (COVID-19 pandemic) and weakening of the EU and US economies, the time has come to build new foundations that will allow for their digital and ecological transformation.

Despite frequent differences of opinions between the US and the EU on economic grounds, from a military point of view, NATO, led by the United States, is still the main guarantor of security in Europe. More importantly, NATO is a predominantly European organization. However, the member with the greatest military strength is the United States. US troops are stationed at US bases scattered across Europe. Five European countries have US nuclear warheads under the Nuclear Sharing program. Therefore, Europe can be treated as a multipolar region where the interests of three players clash: the EU, the US and Russia. Confrontational clashes take place only at the level of the West (EU and USA) – Russia (Alcaro & Jones, 2011). However, neither side wants to lead to a direct military confrontation. This is evidenced by, for example, the détente that all sides were aiming for after the Russian-Georgian war in 2008, and the lack of presence of NATO troops in Ukraine during the war with Russia in 2014 and 2022. Unfortunately, EU security policy needs to be modernized. This is indicated by the uneven distribution of bilateral aid for Ukraine in the EU countries expressed as a percentage of GDP (Table 1).

Table 1. Total bilateral commitments (% of GDP) from 24 January to 3 October 2022

Country	Total bilateral commitments	Country	Total bilateral commitments
Latvia	0,92	France	0,04
Estonia	0,85	Belgium	0,04
Poland	0,49	Croatia	0,04
Lithuania	0,43	Italy	0,04
Norway	0,38	Hungary	0,03
United States	0,25	Spain	0,03
United Kingdom	0,24	Australia	0,02
Slovakia	0,20	Ireland	0,02
Canada	0,18	Switzerland	0,01
Czech Republic	0,16	Japan	0,01
Austria	0,13	Cyprus	0,01
Portugal	0,11	Malta	0,01
Denmark	0,11	New Zealand	0,01
Slovenia	0,10	Bulgaria	0,01
Sweden	0,09	Turkey	0,01
Greece	0,08	South Korea	0,01
Germany	0,08	Romania	0,00
Luxembourg	0,07	Taiwan	0,00
Netherlands	0,06	India	0,00
Finland	0,06	China	0,00

Source: Kiel Institute for the World Economy, 2022.

Conclusions

The reforms carried out by the EU allowed it to act in the spectrum of international affairs. The conflict between Russia and Ukraine (in 2014 and 2022) showed that the EU is increasingly resorting to sanctions and conditionality instruments to promote its interests. In addition, the EU aims to create a common army. Despite the fact that these changes contribute to the increase of the EU's competitiveness in the world, US relations between the EU are extremely durable, and the transatlantic community is repairing mutual relations relatively quickly. Meanwhile, the EU's relations with China, the largest trading partner in 2021 (Eurostat, 2022b), are confrontational. There are differences between China and the EU regarding foreign policy, economic and political governance in areas of common interest. Unfortunately, the pace and evenness of the EU's development compared to China and the US is inadequate. There is a fear that if the European Union does not strengthen its power in problematic regions, it may cease to be an equal trading partner for both the US and China. If the economic potential of Europe is reduced, the dynamic development of the Chinese economy may in the future influence the reshuffling of the international arena and the shape of transatlantic relations, which are largely based on trade. Therefore, one of the challenges for the European Union is to improve research policy and research efficiency. This will allow the EU to maintain its important position in the international arena and also to strengthen the transatlantic partnership, as relations between the US and the EU are largely based on trade and the transfer of new technologies.

The European Union and the United States, although highly dependent on each other, can compete with each other too. This rivalry may take place in the field of taxation. In the US, the federal government system has the most taxing power, while in the European Union, tax determination is done independently or through consultation between member states' policies. This is the area where the authors of this paper see opportunities to strengthen the position of the European Union in transatlantic relations. Aggressive tax competition from EU countries would significantly affect the bargaining power of companies operating on the Community market.

Despite improvement in transatlantic relations, the earlier lack of communication led to a lack of confidence in the US on the part of Europeans. Relations between the US and the EU in the third decade of the 21st century remain tense – it is worth mentioning the AUKUS defense pact (agreement between Australia, Great Britain and the United States) on the exchange of defense technologies in this respect (Borges de Castro, 2021). It resulted in deterioration of relations between Paris and the US to such an extent that they were close to breaking. At the same time, at the beginning of the third decade of the 21st century, transatlantic relations sought stabilization. President Biden's administration has reaffirmed its commitment to alliances with European countries. In addition, the US returned to the Paris Agreement (United States Department of State, 2021) and rejoined the World Health Organization (WHO) (Keaten, 2021).

The above article comprises the analysis of transatlantic relations and their impact on the global political, economic and trade order. It is vital from the management point of view as it enables understanding the dynamics of international relations and can support political decision-making. It identifies challenges related to the need to strengthen the position of the European Union on the international arena in the face of increasing competition. Transatlantic relations should be nurtured because they ensure stability and economic growth, therefore the presented text underlines the importance of partnership for trade, energy security and technology transfer. The article also emphasizes the fact that the lack of communication is a

significant problem in creating transatlantic relations. Therefore, decision-makers should strive to rebuild trust and make responsible decisions that affect the economy and security of both regions.

Based on the analysis, the authors emphasize that problems regarding bilateral relations between the EU and the US have not yet been fully resolved. It is true that the EU has increased its scope of influence in international affairs. However, this did not reduce the differences between the EU and the US in economic and political management. Transatlantic rivalry still exists - despite some improvement in relations, the previous lack of communication has left lasting tensions. Although both sides strive to stabilize relations, the issue requires further attention and action, especially in the context of trust between Europe and the US.

The presented analysis does not exhaust the subject of transatlantic relations. The conducted research made it possible to indicate directions for further analyses. Thus, a potentially interesting research topic in this area could be measuring the effectiveness and analysis of EU reforms in the context of its international activities. Another interesting field of research is the competition and cooperation between the US and the EU. Presenting such issues could contribute to the expansion and stabilization of transatlantic cooperation.

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