

# The Effects of the COVID-19 Pandemic on US and European Commitment to the Multilateral Economic Order

by Claudia Schmucker

## ABSTRACT

The COVID-19 pandemic has led to increased nationalist and protectionist policies and has intensified the geo-economic rivalry between the US and China. While President Trump threatened the fundamental basis for multilateral cooperation, the EU established itself as a defender of multilateralism. A Biden presidency could pave the way for a new era of transatlantic and multilateral engagement to strengthen the global economic order. In the World Trade Organisation, the EU and the US could expand their previous cooperation and pursue plurilateral initiatives on e-commerce and environmental goods. Also, a solution of the Appellate Body crisis seems possible. In the G20, transatlantic initiatives could focus on debt relief for the poorest countries. Enhanced cooperation on climate issues and trade are also feasible during the Italian G20 presidency in 2021. The same holds true for the G7. The question remains of whether the G7 should transform itself into a group of leading global democracies, which could revive multilateralism on the basis of common values.

*European Union | United States | Transatlantic relations | Coronavirus | WTO | G7/G20 | Multilateralism*

**keywords**

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by Claudia Schmucker\*

### 1. The lack of global economic cooperation during the COVID-19 crisis

A global pandemic like COVID-19 is a prime example of why we need more global cooperation and improved global governance structures: Individual nation states are no longer able to successfully combat global risks such as pandemics, which makes international collaboration more important than ever. As a consequence, the crisis initially increased the hope of stronger multilateral cooperation within international organisations such as the World Health Organisation (WHO) and the World Trade Organisation (WTO), as well as in informal forums such as the G20 and the G7.

However, what we see during the current COVID-19-pandemic is exactly the opposite trend.

First, many countries have reverted not to multilateral cooperation, but to nationalist and protectionist policies to combat the crisis. In April 2020, the WTO published a report on export restrictions as a consequence of the pandemic. The results show that 80 countries have imposed export bans, export restrictions and other safeguards measures against trading partners. Most measures have focused on medical supplies and protective equipment, but some also covered food exports.<sup>1</sup> This also includes the European Union, which at the beginning of the

<sup>1</sup> WTO, *Export Prohibitions and Restrictions. Information Note*, 23 April 2020, [https://www.wto.org/english/tratop\\_e/covid19\\_e/export\\_prohibitions\\_report\\_e.pdf](https://www.wto.org/english/tratop_e/covid19_e/export_prohibitions_report_e.pdf).

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pandemic required export authorisation for certain medical protection equipment, including face masks and protective suits. These protectionist reactions on the part of many countries led to the destruction of global value chains in sensitive areas and particularly hurt the health sectors of the most vulnerable developing countries through a lack of global trade cooperation.

Second, the corona crisis acted as an accelerator of existing geo-economic tensions, namely the increasing rivalry between the United States and China, which also has a negative impact on the commitment to the multilateral order. The US and China have increased their geo-economic strategies, at the expense of multilateral cooperation: the US under President Trump gave up its global leadership role and moved to a realist view of the world, which was characterised by a zero-sum attitude towards international relations. This approach was embodied in the “America First” strategy. The US unilaterally used its economic power as leverage to push for American interests in a variety of policy areas. In comparison, China has already put geo-economics at the centre of its global policies for some time, as embodied in its Belt and Road Initiative. It promotes an aggressive trade and technology strategy (Made in China 2025) – also at the expense of other countries.

As a result of their increasing geo-economic rivalry, the US and China try to decouple their economies on an economic and technical level. This trend has also accelerated – despite the so-called “phase one” deal agreed in January 2020.

As such, instead of more multilateral cooperation, we see a revival of nationalist and protectionist policies and an increase in geo-economic tensions. If the two major players rely on their own economic, technological and military strength to pursue their interests, multilateral organisations, which establish global rules, are losing their effectiveness and relevance. The system then changes from a rules-based to a power-based one.

The WTO was already in crisis mode – mainly due to the US-Chinese rivalry – even before the start of the coronavirus pandemic, and this was further exacerbated by the resignation of WTO Director-General Roberto Azevedo in the summer of 2020. The WHO is also losing its power and resources due to US criticism on the China stance of the organisation. And, informal forums such as the G20 and G7 are weakened because of their consensus-based decision-making, which seems impossible with the current US and China rivalry.

In contrast to the other two economic superpowers, the US and China, the EU has remained committed to multilateralism and the global economic order. The EU as a supranational entity with a high interconnectedness in global markets is dependent on the transparent and rules-based trading system. In return, it has a lot to lose from the present distortions of the multilateral order. Therefore, the President of the European Commission, Ursula von der Leyen, stressed even before the global pandemic hit that the new European Commission will have a strong focus on multilateral cooperation: “My Commission will be a geopolitical Commission committed to sustainable policies. And I want the European Union to

be the guardian of multilateralism. Because we know that we are stronger by doing together what we cannot do alone.”<sup>2</sup>

This remained true even during the COVID-19 pandemic, as the EU continued to promote multilateral solutions in forums such as the WHO, the WTO, the G20 and the G7. EU Commissioner for International Partnerships, Jutta Urpilainen, stressed in April 2020: “There has never been a greater need for multilateralism and for us to unite as a global community. As Team Europe, we will continue working hand in hand with all willing partners”.<sup>3</sup>

As such, the EU prevailed as the only global actor committed to the multilateral order. Possible support comes from an alliance of like-minded medium-sized countries such as for instance the Ottawa Group in Trade.

## 2. Transatlantic relations in crisis – But too important (and big) to fail

The EU and the US still have the most integrated economic relationship in the world. Both sides share the largest global trade and investment relationship. In addition, the EU and the US have a long history of close political and security ties.

However, this transatlantic partnership, which has been one of the central cornerstones of European external politics for decades, took a dramatic downturn under the presidency of Donald Trump. Trump questioned the value and unity of the European Union; he supported Brexit and repeatedly called the EU a “foe”.<sup>4</sup> In response, he introduced protectionist steel and aluminium tariffs on the basis of (alleged) national security concerns (Section 232 of the Trade Expansion Act from 1962) also against the EU, despite its standing as a long-term economic and political ally. He also repeatedly threatened to impose car tariffs against the EU.

In Europe, the widening gap between the EU and the United States had already become visible during the negotiations of a Transatlantic Trade and Investment Partnership, which was initiated in 2013 under the Obama administration. But through the Trump presidency and its continued attack against Europe during the corona pandemic, the US truly lost its value as a partner in the European public opinion. In a poll of over 11,000 citizens in nine European countries by the European Council on Foreign Relations from June 2020, over 70 per cent of Danes and Portuguese stated that their view of the United States had worsened,

<sup>2</sup> European Commission, *The von der Leyen Commission: For a Union that Strives for More*, 10 September 2019, [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_19\\_5542](https://ec.europa.eu/commission/presscorner/detail/en/IP_19_5542).

<sup>3</sup> European Commission, *Commissioner Urpilainen: Solidarity against Covid-19 Should Lead Us Back to Strong Multilateralism*, 19 April 2020, <https://europa.eu/!rF48kB>.

<sup>4</sup> “Donald Trump: European Union Is a Foe on Trade”, in *BBC News*, 15 July 2018, <https://www.bbc.com/news/world-us-canada-44837311>.

together with 68 per cent of French people, 65 per cent of Germans and 64 per cent of Spaniards.<sup>5</sup>

However, despite these damaging trends, the fundamental value of transatlantic cooperation remains unchanged. Despite the emergence of new global players such as China, the EU and the US still share the same values, and still have the capacity to set the global agenda and initiate reform.

The crucial point is the question of political will. Is the US willing under a future President Biden to revive the transatlantic alliance instead of using its economic power to force policy changes, which (supposedly) benefit the US? And despite the low trust in the partnership, is the EU still willing to use the transatlantic cooperation to tackle future challenges?

From a European point of view, the transatlantic relationship remains a priority and the election of Joe Biden has made cooperation much easier. President von der Leyen stressed immediately after the election results in November 2020:

The European Commission stands ready to intensify cooperation with the new Administration and the new Congress to address pressing challenges we face and notably: fighting the COVID-19 pandemic and its economic and social consequences, tackling climate change together, promoting a digital transformation that benefits people, strengthening our common security, as well as reforming the rules-based multilateral system.<sup>6</sup>

The election of President Joe Biden has been a game-changer for the transatlantic relationship. Biden is a transatlanticist and sees allies like the EU as an asset for the United States. However, the new transatlantic partnership will not simply go back to old times. Instead, both sides need to look for a new common transatlantic agenda.

### 3. European and transatlantic approaches to multilateral economic cooperation during and after the COVID-19 pandemic

Von der Leyen wants an active Europe, which works at a multilateral level on global challenges. She stresses the need for strong institutions and effective multilateral cooperation. While President Trump has been deeply sceptical of multilateral institutions and forums, Biden sees the value of international organisations.

<sup>5</sup> Ivan Krastev and Mark Leonard, "Europe's Pandemic Politics: How the Virus has Changed the Public's Worldview", in *ECFR Policy Briefs*, June 2020, [https://ecfr.eu/publication/europes\\_pandemic\\_politics\\_how\\_the\\_virus\\_has\\_changed\\_the\\_publics\\_worldview](https://ecfr.eu/publication/europes_pandemic_politics_how_the_virus_has_changed_the_publics_worldview).

<sup>6</sup> European Commission, *Statement of European Commission President Ursula von der Leyen on the Result of the US Presidential Election*, 7 November 2020, [https://ec.europa.eu/commission/presscorner/detail/en/statement\\_20\\_2055](https://ec.europa.eu/commission/presscorner/detail/en/statement_20_2055).



Therefore, under a Biden presidency, the most promising field would be a renewed transatlantic cooperation on future global challenges in multilateral forums.<sup>7</sup> This relates to a renewed multilateral effort to fight the COVID-19 pandemic (cooperation on trade and health issues) and a new effort to fight climate change. Trade will likely not be a priority at the beginning of the presidency, which will mostly focus on the recovery of the US economy. However, even in the field of global economic (trade) cooperation, many transatlantic reform initiatives will be possible.

The paper looks at European initiatives and possible transatlantic cooperation (1) at the WTO as an international organisation, as well as two informal forums, (2) the G20 and (3) the G7, dealing with economic issues.

### 3.1 US and European approaches to the WTO

As a consequence of the COVID-19 pandemic, the world is experiencing the deepest recession since the Great Depression in the 1930s. The International Monetary Fund (IMF) in its World Economic Outlook from October 2020 predicts global growth to fall by 4.4 per cent in 2020. The IMF warns that the long recovery of the global economy to pre-pandemic growth levels will have a high risk of setbacks.<sup>8</sup>

The revival of global trade will play a central role for economic recovery, and the WTO as the guardian of a rules-based and transparent trade order is best suited to deal with these challenges. However, the WTO is experiencing its deepest crisis since its creation in 1995: the dispute settlement system has ceased to function, and the rules and trade liberalisation pillar (Doha Round) has been deadlocked for some time. In addition, the corona pandemic has also pushed the WTO to the side-lines. In their emergency declaration from March 2020, the G20 heads of state and government stressed the importance of trade and global supply chains and promised "to use all available policy tools to minimize the economic and social damage from the pandemic, restore global growth, maintain market stability, and strengthen resilience".<sup>9</sup> To that end, they announced their collaboration with the WHO, the IMF, the World Bank Group, the United Nations and other international organisations. The WTO was not even mentioned.

The United States was the main driver in establishing liberal international organisations like the WTO after World War II, benefitting from the multilateral trading system for decades. This has changed. The Trump administration repeatedly criticised the performance of the WTO, putting the entire multilateral

<sup>7</sup> Ignacio Garcia Bercero, *What Do We Need a World Trade Organization For? The Crisis of the Rule-Based Trading System and WTO Reform*, Gütersloh, Bertelsmann Stiftung, June 2020, p. 27, <https://www.bertelsmann-stiftung.de/en/publications/publication/did/what-do-we-need-a-world-trade-organization-for>.

<sup>8</sup> IMF, *World Economic Outlook, October 2020: A Long and Difficult Ascent*, <https://www.imf.org/en/Publications/WEO/Issues/2020/09/30/world-economic-outlook-october-2020>.

<sup>9</sup> G20, *Extraordinary G20 Leaders' Summit: Statement on COVID-19*, 26 March 2020, <http://www.g20.utoronto.ca/2020/2020-g20-statement-0326.html>.

trading system into question. The administration also blocked the functioning of the WTO dispute settlement system (namely the Appellate Body), thus undermining the effectiveness of the entire organisation.

In contrast, the new geopolitical European Commission and President von der Leyen have identified the need for WTO reform as the main trade policy priority. The EU is the largest trading bloc in the world and has highly integrated trade relationships with many countries and regions. As such, it is dependent on the transparent and binding rules-based trading system of the WTO.

In an ideal world, the transatlantic relationship (together with partner countries) would be the best option to reform the battered organisation. Up until the Uruguay Round of the General Agreement on Tariffs and Trade (GATT), the transatlantic cooperation helped provide the main impetus for the various GATT rounds and the creation of the new WTO in 1995. However, under Trump, the two allies developed fundamentally different views on the importance of the organisation. This can now change again under the new President Biden.

### 3.1.1 New WTO initiatives to fight the pandemic

For the future relevance of the organisation, it is important to see how well the WTO rises to the challenge and helps fight the pandemic. The outcome will be a crucial factor to determine how much reform effort the member states will put into the organisation after the crisis.

(1) In a first important step to use the WTO to help fight the crisis, the EU together with 21 other WTO members – including the US – committed in April 2020 to open and predictable *trade in agricultural and food products* and to ensure the functioning of global food supply chains to avoid negative consequences for the food security, nutrition and health of other WTO members.<sup>10</sup>

(2) In addition, in June 2020 the European Commission proposed the idea of an international initiative to facilitate *trade in healthcare products* with a group of WTO partners (Ottawa Group), with the aim of abolishing tariffs on pharmaceutical and medical goods. Through this initiative, the EU wants to increase the resilience of global supply chains and make healthcare products more affordable, especially for developing countries without manufacturing capabilities.<sup>11</sup> So far, the EU has not brought the initiative officially to the WTO, but under President Biden there is a high possibility that the US will join the initiative. This possible cooperation on health and trade issues could be a low-hanging fruit, to restore trust and

<sup>10</sup> European Commission, *Coronavirus: The EU and 21 Other WTO Members Pledge to Ensure Well-Functioning Global Food Supply Chains*, 23 April 2020, <https://europa.eu/!nT43RD>.

<sup>11</sup> European Commission, *Coronavirus: European Commission Backs International Initiative to Facilitate Trade in Healthcare Products*, 15 June 2020, [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_20\\_1042](https://ec.europa.eu/commission/presscorner/detail/en/IP_20_1042).

cooperation in the WTO between the two partners.

### 3.1.2 EU (and US) commitment to WTO reform

But there is more room for transatlantic collaboration. The main reason behind the US criticism of the organisation is its (apparent) inability to deal with China. This relates to all three pillars of the WTO. According to the US: (a) the negotiating function of the WTO (Doha Round) is hampered because of a lack of commitment by China, which refuses to give up its status as a developing country; (b) the monitoring function of the WTO is impeded by China's lack of commitment to notify its industrial subsidies; and (c) the dispute settlement function has lost its credibility, mainly because it is unable to rein in China's trade distorting measures such as industrial subsidies and the role of state-owned enterprises. Many of these concerns are also shared by the incoming President Biden.

The EU has been working cooperatively with the Trump administration either on a transatlantic basis or within the Trilateral Initiative (with Japan) on many aspects of WTO reform. This can be expanded under a Biden presidency. The cooperation relates particularly to the US concerns regarding (a) the negotiating and (b) the monitoring function of the WTO, but all three functions are examined in the subsections below.

*Negotiating function.* One of the main activities of the WTO is to be a forum for international trade negotiations (e.g., the Doha Round), with the aim of liberalising global trade and creating binding new global trade rules. However, with the exception of the Trade Facilitation Agreement, the rules of the WTO date back to 1995, the year of its creation. Since that time the patterns of world trade have changed, which makes the creation of modern trade rules (e.g., in the areas of digital trade, investment, services, competition, intellectual property rights and sustainability) very urgent. The deadlocked Doha Round has led to an impasse in the development of new rules. Both the EU and the US are therefore active in the plurilateral Joint Statement Initiatives (particularly about e-commerce) and open for further plurilateral initiatives on a non-most favoured nation basis to modernise WTO rules. Under a President Biden these initiatives could possibly be expanded to encompass the plurilateral initiative on environmental goods as well.

*Monitoring function.* Another important activity of the WTO is to monitor the trade policy of the individual members through the Trade Policy Review Mechanism. However, the monitoring function also depends on the willingness of WTO member states to notify their trade policy measures. In this area, both the EU and the US support a strengthening of notification rules on industrial subsidies. They perceive the lack of notification by China as a central problem, which prevents the WTO from fulfilling its mandate to monitor world trade. Together with Japan, Argentina and Costa Rica, the EU and the US therefore introduced "Procedures to Enhance Transparency and Strengthen Notification Requirements under WTO



Agreements” to the WTO General Council in November 2018.<sup>12</sup>

The EU, US and Japan (Trilateral Initiative) also agreed in January 2020 on new ideas for how to strengthen existing WTO disciplines on industrial subsidies.<sup>13</sup> One important step would be to increase the use of counter-notifications. The three countries want to find more partners for their initiative and introduce it at the next WTO Ministerial Conference in June 2021. As such, the EU and US (together with Japan) could push for multilateral reforms, which would strengthen the WTO. This cooperation will likely be intensified under President Biden.

*Dispute settlement function.* The third function of the WTO is to resolve trade disputes among its members through the two-tiered dispute settlement system. This was the major area of disagreement between the EU and the Trump administration, even though the EU shares some of the criticisms of the US regarding several practices and rulings of the Appellate Body.

During the blockade of the Appellate Body, the EU together with 22 other members of the WTO established an interim appeals arrangement for trade disputes in March 2020. This so-called Multiparty Interim Appeal Arbitration Arrangement is organised according to the WTO appeal rules, whereby each participant can use this arrangement to settle disputes among them until the Appellate Body is back to normal. The aim of this arrangement, which includes countries like Australia, Brazil, Canada, China, Mexico; New Zealand, Norway and Singapore, is to uphold the rules-based dispute settlement. Then EU Trade Commissioner Phil Hogan stressed: “The multiparty appeal arbitration arrangement will guarantee that the participating WTO members continue to have access to a binding, impartial and high-quality dispute settlement system among them”.<sup>14</sup>

Biden (and the Democrats in Congress) hold a view similar to that of the Trump administration with regard to the Appellate Body. But they will be much more open to a reform dialogue with the EU and other stakeholders. As such, a solution to the Appellate Body crisis seems possible.

In sum, the WTO is in its deepest crisis since its creation. This has much to do with the US trade policy under the Trump administration; but it also relates to existing trade-distorting practices by China. However, under a Biden presidency, major reform steps are possible on a transatlantic level. This relates to all three pillars of

<sup>12</sup> WTO, *Procedures to Enhance Transparency and Strengthen Notification Requirements under WTO Agreements. Communication from Argentina, Costa Rica, the European Union, Japan, and the United States*, 1 November 2018, <https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:/JOBS/GC/204.pdf>.

<sup>13</sup> Trade Ministers of Japan, the US and the EU, *Joint Statement of the Trilateral Meeting of the Trade Ministers of Japan, the United States and the European Union*, 14 January 2020, <https://ustr.gov/node/10075>.

<sup>14</sup> European Commission, *Trade: EU and 16 WTO Members Agree to Work Together on an Interim Appeal Arbitration Arrangement*, 24 January 2020, <https://europa.eu/!Nu43ky>.

the WTO (negotiation, monitoring and dispute settlement).

### 3.2. G20: Global and transatlantic initiatives

Outside international organisations, informal forums like the G20 and the G7 have – because of their smaller membership – the power to act as a rapid-response crisis manager and global agenda-setter.

The G20 brings together systemically important industrialised and developing countries to discuss key issues in the global economy. It includes the United States, EU member states such as France, Germany and Italy, as well as the European Union itself. In addition, Spain is a regular guest at the G20 summits. As such, there is ample room for transatlantic cooperation in this global forum.

The G20 at the level of heads of state and government was created during the global financial crisis in 2008/2009, where it declared itself to be the “premier forum for international economic cooperation”. During the financial crisis, it managed successfully – also under US and EU leadership – to act as a coordinated crisis manager and agenda-setter and helped to calm markets. During the corona pandemic, the G20 was therefore best suited to coordinate the numerous health, aid and fiscal measures. However, in 2020, under the presidency of Saudi Arabia and amidst continuing trade tensions between the US and China as well as between the US and Europe, the G20 has been slow to respond to the COVID-19 pandemic. As a result, the G20 lost its importance as a central forum in the pandemic for multilateral cooperation.

The problem is that informal forums rely on the willingness of their members to cooperate. They have no coercive function to force members into action. If one country (namely the US) is no longer willing to collaborate, it puts the legitimacy and effectiveness of the whole group in question. Under current geo-economic tensions, progress therefore has been almost impossible.

European member states and EU institutions have tried to use the forum, where all relevant stakeholders are present, to find compromises on global challenges, first and foremost on issues like trade, climate change, migration and poverty. But the EU has also tried to use the G20 to increase cooperation on health issues during the pandemic, and to prepare for economic recovery after the corona crisis.

At the G20 virtual ministerial meeting on 30 March 2020, the EU therefore suggested that all G20 members should commit themselves to remove their restrictive trade measures, notably tariffs, which were introduced before the pandemic. The EU also wanted to set a G20 moratorium on new unilateral tariffs and proposed to eliminate all tariffs on COVID-19-related products.<sup>15</sup>

<sup>15</sup> European Commission, *Remarks by Commissioner Phil Hogan at G20 Virtual Ministerial*, 30 March 2020, <https://europa.eu/!DP37Ft>.

With the election of US President Biden, the range of issues for cooperation has broadened significantly. First, transatlantic (and G20) cooperation on existing initiatives for the poorest countries could be expanded. On 15 April 2020, the G20 (including US and European) finance ministers and central bank governors agreed on debt-service suspension for the poorest countries in the midst of the pandemic.<sup>16</sup> And the G20 agriculture ministers agreed a week later to support global food security and nutrition and to guard against “unjustified restrictive measures that could lead to excessive food price volatility in international markets and threaten the food security and nutrition of large proportions of the world population”.<sup>17</sup> Now, both sides could push even further to promote debt relief for the poorest countries, which so far only amounts to 14 billion US dollars in debt payments.<sup>18</sup> This would be an important commitment to the poorest countries, which have severe difficulties in dealing with the health and economic crises at the same time.

Second, with a Biden presidency, new topics for G20 cooperation can be added over time. This relates to the European trade and health initiative (abolishment of tariffs on health products), new commitments to tackle climate change and a reform of the rules-based multilateral system. The Italian presidency in 2021 will therefore have the possibility to return to previous cooperation levels of the G20 and as such enhance its (output) legitimacy.

### *3.3. Transformation of the G7 to a larger group of global democracies*

In contrast to the G20, the G7 is a much smaller and more informal group, which has discussed economic, political and security challenges since 1975. It comprises three (previously four) EU member states, namely France, Germany and Italy, the European Union, as well as the United Kingdom, the US, Canada and Japan. In this small setting of like-minded countries, it seems easier to achieve progress on multilateral issues among the Western partners than in the more heterogeneous G20.

However, the G7 faces the same problem as the G20: as an informal forum, it relies on the willingness of its members to collaborate. If this is not the case, the informal group basically loses its ability to act. This is even more damaging in the smaller G7 context, which derives its legitimacy from being a values-based forum of like-minded, liberal and democratic market economies. If no progress is possible on this basis, the whole existence (and legitimacy) of the group will be put into question.

<sup>16</sup> G20, *Communiqué, Virtual Meeting of the G20 Finance Ministers and Central Bank Governors*, Riyadh, 15 April 2020, <http://www.g20.utoronto.ca/2020/2020-g20-finance-0415.html>.

<sup>17</sup> G20, *Ministerial Statement on COVID-19 Virtual Meeting, G20 Extraordinary Agriculture Ministers Meeting*, 21 April 2020, <http://www.g20.utoronto.ca/2020/2020-g20-agriculture-0421.html>.

<sup>18</sup> Michael Nienaber, “G20 Eyes Debt Moratorium Worth up to \$14 Billion for Poor Countries: Official”, in *Reuters*, 14 April 2020, <https://reut.rs/34yHKVv>.

During previous G7 summits it became apparent that the Trump administration was no longer willing to adhere to the values and compromises of the group. During the Canadian presidency in 2018, the summit ended in tatters, as Trump criticised the Canadian host and cancelled his endorsement of the joint G7 statement at the last minute. During the French presidency in 2019, French President Emmanuel Macron said that the meeting would end without a communique to avoid another clash with the US, abandoning a tradition that has held since 1975.

In 2020 the US holds the G7 presidency, even though it is unclear whether a summit will take place. However, Trump already announced over the summer that he wanted to invite Australia, India, South Korea and possibly (against the wishes of the EU) Russia to the group (in what would be the G11). The aim of Trump was to invite allied democracies (apparently with the exception of Russia) to expand the group and as such increase the pressure on China.

Under Trump, a possible upcoming G7 summit this year is unlikely to produce much multilateral outcome. However, Trump's new vision of deepening the ties of a larger group of liberal democracies is a step that would broaden transatlantic and global cooperation among leading democracies. The possible new D-10, as it was called in an article in *Foreign Policy*, could then work on global issues such as 5G infrastructure and critical supply chains.<sup>19</sup>

In a foreign policy speech in July 2019, Biden also called for a strengthened democratic alliance with partners beyond North America and Europe, including democracies in Latin America and Africa, as well as Japan, South Korea, Australia and other Asian democracies.<sup>20</sup> Therefore, a broadening of democratic cooperation – and a possible expansion of the G7 – seems possible. In addition, under Biden, the G7 could rebuild its cooperation on issues such as climate change, trade and digital transformation. This vision of deepening the ties of a group of liberal democracies would be an important step to strengthen multilateral cooperation not only in the West, but among global democratic countries.

## Conclusion

The EU regards itself as a defender of multilateralism, and has tried to introduce many initiatives during the corona pandemic that would enhance multilateral cooperation. In contrast, the US under President Trump pursued a strategy of "America First" and usually "America Alone", which threatened the fundamental basis for multilateral cooperation. This will change under a new Biden presidency, which could lead to a new era of multilateral engagement of Western powers.

<sup>19</sup> Erik Brattenberg and Ben Judah, "Forget the G-7, Build the D-10", in *Foreign Policy*, 10 June 2020, <https://foreignpolicy.com/2020/06/10/g7-d10-democracy-trump-europe>.

<sup>20</sup> Joseph R. Biden, *The Power of America's Example: The Biden Plan for Leading the Democratic World to Meet the Challenges of the 21st Century*, 11 July 2019, <https://joebiden.com/americanleadership>.



With regard to the WTO, both the EU and the US could promote initiatives in the future to combat the pandemic and the economic recession. This relates to the free flow of food supplies as well as to an EU initiative to erase tariffs on pharmaceutical and medical products. In addition, together with other partners, the EU and the US could expand their previous cooperation on WTO reform, pursue plurilateral initiatives on e-commerce and possibly environmental goods, and strengthen the monitoring function of the WTO. Also, a solution to the Appellate Body crisis seems possible.

In the G20, further transatlantic initiatives could focus on help for the poorest countries (debt relief). In addition, under President Biden, enhanced cooperation on climate issues and trade is also possible under the Italian G20 presidency in 2021. The same holds true for the G7 presidency of the United Kingdom in 2021. The question remains whether the G7 should transform itself into a group of leading global democracies, which could be an important step to revive multilateralism on the basis of common values.

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