

Keynote speech 'Transatlantic relations at a crossroads' by President Juncker at the Centre for Strategic and International Studies (CSIS)

Washington, 26 July 2018

Chairman,

Distinguished guests,

Ladies and gentlemen,

It is a real pleasure to be with you tonight and it was your pleasure to wait for me. Because the President and myself, we needed time – it took three hours and a half but we did it. I am happy to be back in Washington, a city I have only fond memories of.

I always remember my visit here as a young Prime Minister in August 1995 when I met President Clinton in the White House. At the time, he had been in office for two and a half years and as we sat down, he asked: 'Please explain Europe to me.' I said: 'Do you have easier questions?' But he insisted. My experience since then is that this is a question American Presidents always ask halfway through their first terms. But by the end of their term and of their time in office, they tend to know Europe better than most Europeans do themselves!

Over the years I have been lucky enough to come back many times and work with a number of different Presidents – President Clinton, President Bush, President Obama and now President Trump. And I have seen over the years our partnership evolve and grow in many different ways. But one thing has always remained constant: the relationship between the United States and the European Union is a unique one. It is built on shared history, shared values, shared interests. Working together makes us both safer and more prosperous.

But what makes the transatlantic partnership so special is that it is – first and foremost – a personal affair. It is part of our family stories and part of the very fabric of our societies. Many Americans of Italian, Irish, Polish or other European descent feel a close affinity to our continent and have relatives all around Europe. Those roots are reflected in cities and towns right across this great country and form part of the wonderful diversity of the United States. And by the same token, Europeans have a bond with the United States that cuts deep. This is in no small part down to the crucial role played by the United States in liberating Europe in the first half of the 20th century.

Speaking as a Luxembourger, this is something which has been with me for my whole life. Not far away from where I was born is a small town called Wiltz. It was a site of the Battle of the Bulge, fought in the frozen Ardennes hills, so costly in lives and so crucial for our freedom. Wiltz was hit hard during the war, mainly during the Battle of the Bulge. It was largely destroyed, with families taken from their homes and young men forcibly conscripted to the invading army – just like my own father.

When Wiltz was liberated, a young Corporal from the U.S. Army's 28th Infantry Division called Richard Brookins decided to bring cheer to the children of the town by dressing up as Saint

Nicholas, Santa Claus as you are saying here. That day in December 1944 brought smiles to the faces of children and hope to the weary souls of their parents. This simple but noble gesture has never left the hearts of the people of Wiltz and he has become a local legend and hero. Mr Brookins himself went back to Wiltz many times to fulfil his duty as the 'American Saint Nicholas'. And just two years ago, at the age of 94, he was awarded the highest military honour of Luxembourg, joining the likes of President Eisenhower, Winston Churchill and Charles de Gaulle. For the people of Wiltz and the people of Europe our friendship with the United States is personal. For them – all of us Europeans – our shared history matters.

And I mention this story for three reasons. First, I want to pay tribute to Mr Brookins and all other American soldiers for their courage and bravery. We are forever grateful. I offered as a gift to President Trump a photo of a military cemetery in Luxembourg, where General Patton is buried, with the inscription with a word saying: Dear Donald, let us remember our common history. And we should do that even in more difficult times. I am saying this, secondly, because many of the children who were there that day in December 1944 are no longer around to tell the story themselves.

At a time when tensions might feel strained, it is more important than ever for young people on both sides of the Atlantic to learn about the power of our past and about the importance of our relationship in upholding peace, democracy and freedom around the world. The third reason is that this story shows the unbreakable bond that makes the transatlantic partnership what it is. This bond explains a lot about how we have been able to come so far together.

After World War Two, the generation of our parents and grandparents vowed: Never again. Together, they laid the foundation for our security and prosperity through Atlantic cooperation. The Marshall Plan helped to rebuild our communities. NATO helped to ensure our collective security. We work together in the United Nations and other global institutions to ensure that the horrors of the past stayed in the past. We stood by each other in times of need, not least when European NATO partners joined ranks with the U.S. after Article 5 was invoked for the first and only time in history after the 9/11 attacks.

Throughout that time, the United States has always been our strongest ally and a supporter of European integration. As far back as 1953, President Eisenhower wrote: 'The uniting of Europe is a necessity for the peace and prosperity of Europeans and of the world.' This is our *raison d'être* today as much as it was 65 years ago.

Bit by bit Europe, the United States and our partners created a global system in which rules replaced weapons, in which disputes were settled in courts rather than on battlefields. Together, we overcame an empire that challenged our vision. Thanks to the U.S., peace was restored and the transatlantic relationship became the anchor of global stability and prosperity. And it is as indispensable today as it ever was before.

Our economies are more intertwined than at any point in history. The challenges we face are global in nature, from the pressures of climate change to migration, to peace and security across the world. Now is the time for a responsible global leadership. Time to renew our partnership by falling back on what unites us: trust, values, shared interests. The transatlantic partnership must remain the anchor of global stability and the driver of our common prosperity.

And nowhere is this more important than when it comes to trade. The economic relationship between the United States and Europe is the largest and most important in the world. We trade roughly one trillion dollars' worth of goods and services every year – that is nearly a third of global

trade. The trade between us creates jobs on both sides of the Atlantic – 6.9 million of them in the United States, 4.7 million jobs in the EU.

The simple truth is that Europe is good for American business. U.S. companies earn more than twice as much exporting goods to the European Union as they do exporting to China. And more than 70% of all foreign direct investment in the U.S. comes from Europe. We have a trading partnership that is balanced and works for both sides. Yes, we export more goods to the United States than we import. But when it comes to services, the U.S. has a trade surplus of EUR 45 billion.

This is not a reflection of a lack of openness or reciprocity. In fact the opposite is true. It actually shows that the trade between us is working because our economies best cater to each other's needs. By any metric, our partnership is unrivalled and it is an example of what can be achieved by working together. And what has made it so successful is our common belief that trade must be fair for all and a win-win for all.

This is why together we designed a clear set of rules that create certainty for business and stability for our economies. At a time when certainty and stability is at a premium in the world, we must hold on to what works. This is why we were disappointed at the U.S. government's decision to unilaterally impose tariff measures on steel and aluminium on the basis of national security. The idea that imports of steel or aluminium from your closest ally could threaten the national security of this country and this goes against all logic and against all history. We simply cannot accept this and we changed it today because we agreed – the President and myself – to reassess this measure in due time.

The same logic applies to the car industry. As I have said many times, trade wars have no winners – they only leave scars. And tariffs will not protect national security – they will only undermine economic security.

Allow me to give you an example: If the United States put a 20% tariff on car parts and other countries retaliated in kind, it would cost the U.S. economy USD 50 billion from lost GDP by 2025. But there too we made a deal today because we agreed that no other tariffs would be introduced as long as we are in negotiations. So I made this argument in front of the President as I did months ago during the G7 meeting in Canada. And I am not re-explaining all the arguments I was submitting to the meditation of the President because we found an agreement, and if I would read out all the arguments I have developed, it could easily appear as if I had not been in the meeting. But I was there and so everything is more or less okay.

I am happy that we reached this agreement today, as I am happy that we were signing a trade agreement with Canada, with Japan last Tuesday and we are negotiating with Australia, New Zealand and Mercosur in the next coming weeks and months. And as we do not want to be naive, we are trying to safeguard the highest standards in areas such as labour, safety, environmental or consumer protection. And with Japan – to give you another example – we agreed to create the world's largest safe flow of data area. This shows, as was the case today, that if there is a common will there is always a way.

Ladies and gentlemen,

Europe is prepared to work with all like-minded partners to create new opportunities and to improve the global system itself. This is why I came to Washington today. Not to give unsolicited advice but to offer increased cooperation. We will always keep dialogue open – with this administration and with all of our partners in the U.S. And I strongly believe that instead of being distracted by measures and counter-measures, we should focus on the real issues in global trade, of which there are many.

We agree with President Trump that there is a lot that needs to change. There is global overcapacity in the steel sector that continues to harm our workers. The Chinese overcapacity in steel is exactly the double of the total capacity of the European steel production. There are still too many illegal subsidies given by governments which are making the playing field uneven, tilted against our companies. And we also need to crack down on the forced transfer of technologies, theft from our innovators. This is why for instance we lodged a case with the World Trade Organization against China for its legislation on intellectual property rights.

These are all messages that I passed to the Chinese President last week at the EU-China Summit. Prime Minister Abe in Japan also agreed to work on these issues during our meeting last week. We agree that the rules as they currently stand need to be updated to face the challenges of our time. But the only way to address these challenges is to rewrite the rulebook together, not rip it up alone.

The point is that the U.S. and the European Union must cooperate on issues of common concern and interest. We share the same challenges and we share many of the same opportunities. For instance, we both have very similar attitudes when it comes to agriculture. Our farming sectors are the lifeblood of many of our communities. They secure high quality food at affordable prices for millions of people, and they help to make our rural economies tick. A farmer in Iowa and a farmer in Ireland may work on different field plots of land thousands of kilometres away from each other but they share the same pre-occupations. They want to have the tools they need to produce high quality food, whilst making a fair living for their families. So it makes sense that Europe and the United States work together to preserve our local agricultural communities and traditions in today's global world. This is why for instance we will never allow European farmers to fall victim to trade negotiations or trade wars.

And just as we share the same concerns, we also have common opportunities that we need to capitalise on. President Trump and I discussed many of them today. Take energy: In 2016, the first U.S. boat exporting American liquefied natural gas docked in the coast of Portugal. We are ready to invest in infrastructure and new terminals which could welcome imports of LNG from the United States and elsewhere – but mainly from the United States, if the conditions were right and prices competitive.

This is part of today's agreement: to increase the import of liquefied gas and soya beans. Because already now the European Union is importing 35% of its soya beans consumption from the U.S. This has to be brought to a more ambitious level. All this shows that Europe will always have its hand outstretched to the United States. We will always look for areas where we can work together on a mutually beneficial basis. But at the same time, we must take our future into our own hands. This means making ourselves more united and more responsible at home. That means defending ourselves with all legal means when we face unfair practices or have unfair measures aimed at us. That means making the most of opportunities with like-minded partners across the world, just as we have done with Japan and Canada, as we are doing with countries in Latin America, Australia, New Zealand and as we did today at the White House. It means working to improve and shape the global rules-based system so that it continues to deliver the peace, prosperity and progress it has done for so many decades.

But whatever future lies ahead, our partnership with the United States must continue to be a driving force for both sides and for the world. As was reaffirmed by the U.S. Congress just last year on the occasion of our 60th anniversary, the transatlantic partnership is enduring. We have been through thick and thin together, through different administrations and political cycles. Our friendship runs much deeper than that – just like the people of Wiltz in Luxembourg will tell you. And this today was a good day for the transatlantic partnership, for Europe and for the United States of America.

Thank you for listening.