

# THE IMPORTANCE OF TRANSATLANTIC COOPERATION DURING THE COVID-19 PANDEMIC

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## HEARING BEFORE THE SUBCOMMITTEE ON EUROPE, EURASIA, ENERGY, AND THE ENVIRONMENT OF THE COMMITTEE ON FOREIGN AFFAIRS HOUSE OF REPRESENTATIVES ONE HUNDRED SIXTEENTH CONGRESS SECOND SESSION

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## THE IMPORTANCE OF TRANSATLANTIC CO- OPERATION DURING THE COVID-19 PAN- DEMIC

Tuesday, July 14, 2020

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON EUROPE, EURASIA,  
ENERGY, AND THE ENVIRONMENT,  
COMMITTEE ON FOREIGN AFFAIRS,  
*Washington, DC,*

The subcommittee met, pursuant to notice, at 2:11 p.m., via Webex, Hon. William R. Keating(chairman of the subcommittee) presiding.

Mr. KEATING. The House Foreign Affairs subcommittee will come to order.

Without objection, the chair is authorized to declare a recess of the committee at any point, and all members will have 5 days to submit statements, extraneous materials, and questions for the record subject to the length limitations in the rules. To insert something into the record, please have your staff email the previously mentioned address or contact full committee staff.

Please keep your video function on at all times, even when you are not recognized by the chair.

Members are responsible for muting and unmuting themselves, and please remember to mute yourself after you have finished speaking. Consistent with House Res. 965, the accompanying regulations, staff will only mute members and witnesses as appropriate when they are not under recognition to eliminate background noise.

I see that we have a quorum present. I really thank all of you. This has been the third hearing of this subcommittee in a week, all very well-received.

And I will now recognize myself for opening remarks.

Pursuant to notice, we are holding the hearing to discuss the importance of transatlantic cooperation during the COVID-19 pandemic.

We are tragically on our way to 600,000 deaths from COVID-19 worldwide during what has been the most significant upheaval in global security and stability since World War II. Everyone's life has changed dramatically. Hundreds of thousands of families are mourning the loss of loved ones. I have six friends who have passed away. Millions have lost their job. Businesses have gone under. Our most vulnerable have been disproportionately impacted, whether frontline and healthcare workers, minority communities, victims of domestic violence, among many others.

Further serious issues we face domestically and internationally were not put on hold during this crisis. Last month, a call for

equality echoed around the globe. The murder of George Floyd sparked a movement calling us to urgently address systemic racism and the senseless killing of black and brown people here in the United States, Europe, and around the world. These issues cannot wait until the pandemic is over. And we, along with the democracies in Europe, must protect the fundamental right to exercise those core freedoms while also managing the spread of disease.

Internationally, threats from our adversaries have not abated. Last week, this committee covered in depth the threats we face from the Kremlin after reports broke late last month that the Russian GRU put bounties on American troops.

We also have unprecedented times that we are dealing with communities around the world turning to their governments to make incredibly difficult decisions. At the local level, as with all of you here, I felt this in my own district. We have worked tirelessly to untangle supply-chain issues, help individuals navigate pandemic-unemployment issues, fight for small-business loans for those hit by the economic fallout from the pandemic. And we field questions from schools and businesses wondering when they should open up safely, how to do it, what guidance is available to them.

In this committee and in the Armed Services Committee, on which I share, we watch as dictators and authoritarian governments, like Hungary and Poland, have used this pandemic as an opportunity to consolidate power and sow great instability.

The challenges we face today are the most complicated, heartbreaking, urgent challenges that I have seen in my lifetime. We need every strength and every resource we can. And we have to work together in doing so, which brings us to the focus of the hearing today.

It is reckless, unnecessary, and ultimately futile to do this alone. This is the time to really drop all barriers we have and to cooperate. Because if a lab in the U.K. is close to a vaccine and a lab here in the U.S. has that missing piece, we cannot wait for them both to figure it out on their own. Because if a school system in Germany has learned that their method of sending children back to school is or is not working, I want the school district in my hometown to know whether that works or whether it is not and if they could utilize that information.

That is how we save as many lives as possible, because that is our number-one priority right now. We all want to go back to normal in our lives, but for what cost? How many thousands of lives? Our best option for moving forward is to lead with the best information and the best solutions available.

Unfortunately, that is not the theme we have seen from President Trump's Administration. From pulling the United States out of the World Health Organization, the Paris climate accord, cutting back on the European Deterrence Initiative, taking a quarter of our troops—or signaling that you will take a quarter of our troops out of Germany, to signaling a go-it-alone approach on vaccines, these are not the decisions that will make us safer in the short term or the long term.

No one has all the answers; no one has all the resources. This pandemic is just too big for any one country, as great as it may be. And, you know, the virus knows no borders. Americans deserve the

best information, the best solutions from their government. And if those come from cooperation with our closest allies and partners, including Europe, which at the present time is experiencing some success in trying to control this virus, then we need to do everything in our power to work together on this.

So I would like to thank our esteemed panel. I would like to have discussions I know that will surface around what we can do, discussions on tariffs, on pharmaceuticals, on working together for PPE supply-chain issues, coordination, coupling this coordinated approach with our efforts at self-sufficiency, not limiting ourselves to a nationalistic approach.

So, I gather today to come forward, and I now yield to my ranking member for an opening statement.

Mr. KINZINGER. Thank you, Mr. Chairman.

And to all the witnesses, thank you for being here today.

Let me just say, you know, I think the very first thing we can do is recognize the role that China has played in this. Unfortunately, even that seems to be partisan now, as I have, you know, friends that say that China is a distraction from the real issue, et cetera. We have to recognize their role at the beginning of this. And I think if we can get to that without trying to see it as an opportunity to declare racism or use political points, we can solve this problem together, as Republicans, as Democrats, and also as Americans, with our counterparts across the sea.

So, again, thank you, Chairman, for calling this hearing.

The EU and NATO, they are not just allies; they are our most important allies. And we all understand that strong alliances protect us from aggressors and guard our shared values. Now, the alliance must adapt to continue to face the threat brought on by the COVID pandemic.

I believe that the calls for the United States to retreat from our global obligations are dangerous. The U.S. cannot face this challenge alone. We must rely on the relationships we have built over the past decade or more, past decades, to defeat this pandemic.

While cooperation sometimes is difficult, it has shown that that transatlantic relationship is strong. Because of our alliances, our Nation has repatriated hundreds of thousands of citizens to their home countries, built nearly 100 field hospitals, supplied over 25,000 beds, and deployed thousands of medical personnel to help those countries that were hit the hardest. Last of all, as the world faced a shortage of lifesaving ventilators, the United States began shipping them to our European allies, including France, Spain, and Italy.

Could more be done? Absolutely. We must all learn from our past mistakes so that we can contain and better respond to future pandemics.

We must also work together to pull ourselves out of the current economic environment that we find ourselves in. Now, more than ever, the U.S. and the EU need to cooperate on free trade to recover from this pandemic. The U.S. and the European Union are the world's two largest economies. Closer trade cooperation will be critical in recovering from this, while pushing back against China's debt diplomacy. Projects like the Three Seas Initiative could not

only be a game-changer for Europe's energy markets but would provide an avenue for stronger U.S.-EU cooperation.

As this pandemic spread, we quickly learned the many lessons, like the dangers of centralized supply chains in China. To better respond to future threats, we have to diversify supply chains by bringing some of those jobs home. However, it would be irresponsible to believe that we can bring all of them back into the United States. So, instead of leaving them in China, we should incentivize closer cooperation within our hemisphere and Europe.

Let us not forget that the Chinese Communist Party silenced doctors, hid the virus until it was too late, and tried to cutoff PPE from reaching European and American markets. It bears repeating again. Additionally, the CCP has tried to strain the U.S.-EU relationship through disinformation campaigns. Luckily, last month, the EU Commission finally acknowledged the threat posed by the communist regime.

Finding a cure to COVID-19 is a national priority for every nation around the world, but that is why close U.S.-EU collaboration, like the work being done between Pfizer and Germany's BioNTech, will be critical in developing the drugs needed to reopen our economies. The West is racing to find a cure; the CCP is racing to steal that cure.

Last, we clearly need leadership of the World Health Organization. However, if we want to bring about change at the WHO, we should be at the table. Walking away, we cede our ability to shape this body to the Chinese, who are the reason that we are holding this hearing today.

I will say, however, that the WHO needs to be held accountable to the fact that they ignored the pandemic at the beginning. The head of the WHO was the tie-breaking vote against declaring this a pandemic. We now know that there was close discussion with the Chinese Communist Party, and we know that they ignored advice from Taiwan because of their belief that Taiwan should not be recognized as an independent nation.

Let's be clear: Taiwan is an independent nation, and China, the Chinese Communist Party specifically, is not a friend and, no matter how much money they give to the WHO or the United Nations, do not have the world's interests at heart. So, as much as we may criticize the United States or any other country, I think to compare that in any way to the pure evil of the Chinese Communist Party would be apples and oranges.

So, with that, Mr. Chairman, thank you for holding this hearing. Thank you to the witnesses. And I will yield back the balance of my time.

Mr. KEATING. I thank the ranking member and share his comments that both of our opening statements made and the real fact that Europe and the U.S. are both facing great challenges but that we also have within these challenges the chances for greater opportunity.

And along those lines, we have an extraordinary list of people here, each bringing their own perspective, each an important perspective, to how we can look at these challenges, meet them together, as we did with SARS and Ebola, but also to learn from each other in the process and to talk about areas where there can be



greater cooperation that can really spawn from our common threat with this virus.

Ambassador Michael Froman is the vice chairman and president of strategic growth at Mastercard. He is the former United States Trade Representative, former Assistant to the President, and former Deputy National Security Advisor for International Economic Affairs.

Dr. Karen Donfried is president of the German Marshall Fund. She is a former Special Assistant to the President and Former Senior Director for European Affairs at the National Security Council.

Ms. Rachel Ellehuus is deputy director of the European Program at the Center for Strategic and International Studies. She is the former Principal Director for European and NATO Policy in the Office of the Secretary of Defense at the Department of Defense.

Dr. James Jay Carafano is the vice president of the Kathryn and Shelby Cullom Davis Institute for National Security and Foreign Policy and an E.W. Richardson fellow at The Heritage Foundation.

I will now recognize the witnesses for 5 minutes. And, without objection, your prepared written statement will be made part of the record.

First, Ambassador Froman, you are now recognized for your opening statement.

**STATEMENT OF THE HONORABLE MICHAEL FROMAN,  
CHAIRMAN, MASTERCARD CENTER FOR INCLUSIVE GROWTH**

Mr. FROMAN. Well, thank you, and good afternoon, Chairman Keating, Ranking Member Kinzinger, and members of subcommittee. It is good to see many of you again.

As the chairman said, my name is Mike Froman. I am the vice chair and president of strategic growth at Mastercard, former U.S. Trade Representative and Deputy National Security Advisor. And it is a pleasure to appear here to provide Mastercard's perspective on the importance of transatlantic cooperation during and after the COVID-19 pandemic.

As all of you know, Mastercard is a global technology company in the payment sector which connects consumers, financial institutions, merchants, governments, and other organizations and enables them to use a trusted network to make electronic forms of payment safely and securely and engage in a wide range of transactions in the digital economy.

We also provide an array of information services and cybersecurity tools, as well as solutions for digital identity to ensure that people are who they say they are online.

We process transactions in over 150 currencies and 200 countries and territories, making us the most widely accepted payment brand in the world.

And as part of our longstanding commitment to inclusive growth, Mastercard has joined the crucial effort to combat COVID-19. Among other actions, we have committed \$250 million of financial support, products, services, and technology over the next 5 years to support the vitality of small businesses and the financial security of their workers.

We have also committed tens of millions of dollars in emergency grants to address the immediate needs of communities in which we operate and to help rebuild the economy in light of the crisis.

And, very importantly, we have committed \$25 million and worked with the Gates Foundation and Wellcome in the U.K. to establish the COVID-19 Therapeutics Accelerator, which seeks to expedite the discovery, development, manufacture, and distribution of treatments and diagnostics to address COVID worldwide. That effort has now attracted more than \$300 million of support from the U.K. Government and philanthropies on both sides of the Atlantic.

And I mention these efforts because they underscore the importance of both transatlantic cooperation and public-private partnerships in the COVID-19 era. To combat both the health and the economic effects of COVID-19, it is going to take a concerted effort of both the private and the public sector here and abroad, including with our partners in Europe.

Together, the U.S. and Europe have built an integrated, rules-based global economy, resulting in decades of unprecedented and peaceful growth. The pandemic has shined a bright light on the need to work together to address the major challenges facing that economy.

Let me start with China. The United States and Europe share a common objective in determining how best to integrate an economy as large and important as China's into the rules-based system. That requires that we promote consistent and enforceable global rules pertaining to policies that mandate or encourage noncommercial technology transfer, address the impact of State-owned enterprises and the use of State subsidies, protect intellectual property rights, and ensure fair market access.

Next, the maintaining and development of global standards, particularly with regard to new technology, is a critical area for transatlantic cooperation. The world has spent the better part of a century designing standards to facilitate global commerce, but today we see a rising trend of nations advancing localization requirements, including those that prohibit the transfer of data across borders, imposing technical standards that preclude competition, and promoting local monopolies. We cannot fully achieve the benefits of global growth in an archipelago world where every country operates as an island.

We also need to work together to update the global trading system, which has not kept pace with the evolution of the global economy. For example, no economic sector could benefit more from rules that facilitate trade than the services sector. According to WTO, services account for about two-thirds of global value-added trade. They account for four out of five jobs in the United States. Yet this is a sector where trade rules are the weakest. As strong services economies, the U.S., U.K., and EU have a common interest in doing better, including by advancing our negotiation of an e-commerce agreement.

With respect to WTO reform, there are a number of potential areas for transatlantic cooperation. The U.S. and our European allies generally agree that the WTO must develop evidence-based criteria for determining which country is developed and developing and, therefore, what level of obligation they are held to.

Our governments also agree on the need to strengthen WTO rules on industrial subsidies. We need to ensure that WTO members promptly and comprehensively notify their subsidies to the WTO. And we need rules to address subsidies channeled through State-owned enterprises.

Finally, the United States, U.K., and EU should be able to work together to develop and implement reforms that would ensure that the WTO dispute settlement system functions and does so consistent with its mandate.

A comprehensive U.S.-U.K. FTA could potentially provide the United States with an opportunity to develop new approaches to trade, including with respect to digital trade, financial services, and emerging technologies, with a like-minded ally who plays a pivotal role in the global economy.

Finally, let me say a word about two issues that have the potential to constrain transatlantic cooperation: the unilateral imposition of a digital services tax and sanctions.

There are certainly circumstances that warrant the imposition of economic sanctions. That said, weaponizing finance through the imposition of broad-based, unilateral sanctions runs the risk of incentivizing others to develop alternative mechanisms for conducting international trade and clearing transactions.

Such sanctions have the potential for creating unintended, enduring, and broad-ranging consequences for the centrality of the U.S. dollar, dollar-based institutions, and payment networks, far beyond the specific country being sanctioned.

For these reasons, whenever sanctions are on the table, the U.S. Government should consider a targeted, tailored approach, working wherever possible with allies like the EU, which would strengthen the action while minimizing the risk of unintended consequences.

I appreciate the opportunity to share our views on these issues with the subcommittee. Thank you for the time.

[The prepared statement of Mr. Froman follows:]

**Testimony of Ambassador Michael Froman  
Vice Chairman and President, Strategic Growth  
Mastercard**

**Before the  
United States House of Representative Committee on Foreign Affairs  
Subcommittee on Europe, Eurasia, Energy, and the Environment**

**The Importance of Transatlantic Cooperation During the COVID-19 Pandemic**

July 14, 2020

Good morning Chairman Keating, Ranking Member Kinzinger, and members of the Subcommittee. My name is Michael Froman, and I am the Vice Chairman and President of Strategic Growth at Mastercard. I also served as the U.S. Trade Representative and as Assistant to the President and Deputy National Security Advisor for International Economic Affairs during the Obama Administration.

It is my pleasure to appear before you this afternoon to provide Mastercard's perspective on the importance of transatlantic cooperation during the COVID-19 pandemic. *First*, I will highlight the importance of transatlantic cooperation and public-private partnerships in addressing elements of the pandemic itself. *Second*, I will discuss the potential for U.S. cooperation with the European Union and the United Kingdom to address common challenges facing global trade, including the potential contribution of the U.S.-UK FTA currently being negotiated. *Finally*, I will provide a perspective on the thoughtful use of sanctions and the risk of unintended consequences both to the prospects of transatlantic cooperation and to the central role of the dollar and related institutions.

### **Background on Mastercard**

Mastercard is a global technology company in the global payments business. We connect consumers, financial institutions, merchants, governments, digital partners, and other organizations worldwide, and enable them to use a trusted network to engage in commerce, make electronic forms of payment, safely and securely, and engage in a wide range of transactions in the digital economy. We are the only global, multi-rail network. That allows us to offer customers choice among credit, debit, prepaid and automated clearing house (“ACH”) transactions, including real-time account to account transactions, for domestic and cross-border payments. We also provide integrated value-added offerings such as cyber and intelligence products, information and analytics services, consulting, loyalty and reward programs and processing, as well as solutions for digital identity to ensure that people are who say they are online.

Mastercard processes more than 87 billion payments each year on more than 2.6 billion physical and virtual cards at more than 60 million acceptance locations worldwide. Mastercard serves consumers and businesses in more than 150 currencies and in more than 200 countries and territories, making us the most widely accepted payment brand in the world.

The COVID-19 crisis has underscored how vulnerable individuals and small businesses are to an economic shock. As part of our ongoing commitment to inclusive growth, Mastercard has joined the crucial effort to combat COVID-19 and its impact by leveraging our technology, capabilities and reach. With Mastercard’s pulse on global economic activity, we have helped governments all over the world better understand the economic impact of this crisis by sector and geography. We have collaborated with city, state and national governments, as well as philanthropic and private sector partners, to deliver financial support to individuals and small

businesses all over the world. Here in the United States, we have worked with partners to enable the delivery of Economic Impact Payments to millions of Americans who hold reloadable prepaid cards, including those who participate in the US Treasury Department's Direct Express® program, which helps people who are unbanked and underbanked receive federal benefits, such as Social Security. Mastercard's initiative helps vulnerable communities that are unbanked or underbanked receive funds instantly, rather than incur the costs and risks of cashing or depositing paper checks.

We see in real-time the challenges facing individuals and small businesses. That is why we've committed \$250 million in financial support, technology, products and services over the next five years to support the vitality of small businesses and the financial security of their workers. That's why we've committed 10's of millions of dollars to emergency grants to address immediate needs in communities in which we operate and to rebuild the economy better in light of this crisis.

This is part of a long-term approach Mastercard has had to promoting commercially sustainable social impact. We started with a focus on financial inclusion and, over the last five years, brought more than 500 million unbanked individuals into the financial system. In the context of COVID-19, when it became clear just how important it was for individuals and small businesses to be connected to the digital economy – to receive benefits, to serve customers, to go online and conduct e-commerce – we doubled down and committed to bring 1 billion individuals and 50 million micro and small businesses into the digital economy, and to reach 25 million women-owned and run businesses. To do so, we will be expanding on our partnerships with a wide range of governments, businesses and NGO's. We do this not just because it is the right

thing to do, but because we thrive in a thriving economy and, in our view, the only growth that is truly sustainable is inclusive growth.

This type of public-private partnership is critical to addressing major economic and social challenges. There is not enough government finance or philanthropy – as important as both are – to successfully address the global challenges we face without the resources, ingenuity and innovation of the private sector. By way of example, as a trust network, Mastercard is developing a HealthPass solution, drawing on our digital identity capabilities, which would allow individuals to certify that they have recently tested negative, developed an immunity or been vaccinated. Working with governments, business, such as airlines, and partners in the health sector, this would allow individuals who are considered safe to resume activities such as education, work and travel. Recognizing that there are a number of sensitivities and complexities in this area, we are committed to delivering solutions that also enhance consumer privacy, require explicit consumer consent, and deliver strong cybersecurity protections. Our HealthPass solution is just one way in which a private sector party can bring its assets to the table to help governments address major public challenges. We welcome your partnership, guidance, and participation on this journey.

And our commitment does not stop with leveraging only our own technologies and solutions. We have committed up to \$25 million and worked with the Gates Foundation and Wellcome in the UK to establish the COVID-19 Therapeutics Accelerator to expedite the discovery, development, manufacture and distribution of treatments and diagnostics to address COVID worldwide. That initiative has since attracted the participation of the UK Government, U.S. philanthropies and others to mobilize more than \$300 million to be deployed against this goal. Why are we involved? For a number of years, we have been deeply involved in deploying

our technology to address humanitarian and development needs, including making our network available to global health organizations to facilitate their work. But more broadly, our view is that this is a health and an economic crisis, and that as a global company, it is in our interest that, even as work proceeds toward a vaccine, we should do everything we can to find treatments and tests that can help people get back to work safely and securely.

This underscores the importance of both transatlantic cooperation and public-private partnerships. In the COVID-19 era, we need to work together, as we are with a number of U.S., UK and European government, business and philanthropic partners, to expedite an effective health and economic response to this pandemic. We are less likely to be successful doing this alone than we are by pooling the resources and scientific talent from around the world. And we need to draw upon the strengths and assets of both the public and private sectors to address these challenges.

#### **Value of Transatlantic Cooperation**

Our enduring alliance with Europe is one of tremendous importance to the United States and our economy. Together, we have built an integrated, rules-based global economy that has resulted in decades of unprecedented and peaceful growth. We have built institutions that have brought stability to commerce; opened markets for U.S. farmers, ranchers and workers in our manufacturing and service industries; and raised standards around the world. That system, however, has come under stress in recent years. These challenges were present before COVID-19, but the pandemic has shone a bright light on the need to work together to reform elements of that system and to address the major challenges to it.



### *1. China*

Let me start with China. The United States and Europe share a common objective of determining how best to integrate an economy as large and important as China's into the rules-based system in a manner that maintains and strengthens that system. That requires that we promote consistent and enforceable global rules pertaining to policies that mandate or encourage non-commercial technology transfers; address the impact of SOE's and the use of state subsidies; protect intellectual property rights; and ensure fair market access. While there might be differences between the U.S. and Europe on the tactics that we would use to make progress on these matters, we have a strong common interest in overcoming those differences to bring as coherent a collective approach as possible to this challenge.

### *2. Global Technology Standards*

A second area where transatlantic cooperation is critical is the maintenance and development of global standards, particularly with regard to new technology. The world has spent the better part of a century designing standards to facilitate global commerce: think the standard sizes of shipping container or the interoperability of the telecommunications sector. Today, we are facing a potential fracturing of global standards along national lines. Faced with new challenges, national governments too often jump to the conclusion that they need national solutions when there could be solutions that protect key priorities, such as privacy, without sacrificing the benefits of global standards, including interoperability. Adopting localization requirements that prohibit the transfer of data across borders, imposing technical standards that preclude competition, and promoting local monopolies have an adverse impact on consumer

welfare and business innovation. The benefits of global trade cannot be fully enjoyed in an archipelago world where every country operates as an island.

Interoperability does not require sacrificing privacy, national security, consumer protection or economic inclusion. Arguments for global standards that do not allow for legitimate regulation are unsound. Sound regulations must be part of any work program, but they should not be a pretense for unjustified protectionism. The U.S., UK and EU have an opportunity to explore where national or regional regulatory regimes can be compatible with each other and to use that as a basis for promoting compatible regulations more broadly.

Let me provide an example: privacy is and should be a top priority for regulation, and there is a range of ways to address legitimate privacy concerns without sacrificing the benefits of the increasingly digital economy. Through our global network, we at Mastercard are able to monitor transactions all over the world and, using artificial intelligence, and spot patterns of cyberattacks and other anomalies based on the flow of data across borders. That data contains no personal identifying information; it is aggregated and anonymized. And it has allowed us to help governments, financial institutions, merchants and individuals stop almost \$55 billion in losses due to cybertheft over the past four years. If countries insist on national clouds, localized data and undue restrictions on cross-border data flows, it could prevent us from spotting those patterns and defeating cybercriminals. There are plenty of ways to protect the legitimate privacy interests of individuals without sacrificing the benefits of the digital economy.

### ***3. Strengthening, Updating and Reforming the Global Trading System***

The global trading system is under stress for a number of reasons, one of which is that it has not kept pace with the evolution of the global economy. Take services, for example:

financial services, distribution services, computer services, telecommunications services, express delivery services, among others. The World Trade Organization (WTO) reports that trade in services accounts for about two-thirds of global value-added trade. The services sector is growing faster than the manufacturing sector, provides widespread economic opportunity, including for developing countries, and promotes cross-border investment and trade. It is an engine of growth, but growth is difficult when regulatory systems are fragmented. No economic sector could benefit more from rules and institutions that facilitate trade than the services sector, yet it is this sector where trade rules are weakest. Most countries have undertaken few services commitments in the WTO and in their free trade agreements. As strong services economies, the U.S., UK and EU have a common interest in doing better.

With respect to WTO reform, there are a number of areas for potential transatlantic cooperation. The United States, UK and EU generally agree that the WTO must develop objective criteria for determining whether a country is developed or developing and, therefore, what level of obligation it is held to. The United States, UK and EU also agree on the need to strengthen existing WTO rules on industrial subsidies. We need to ensure that WTO Members promptly and comprehensively notify their subsidies to the WTO, and we need rules to address subsidies granted through state-owned enterprises. Finally, the United States, UK and the EU should be able to work together to develop and implement reforms that would ensure that the WTO Appellate Body functions according to its mandate.

Part of updating the global trading system must be making it relevant to the emergent issues of the global economy. The Internet was not a major factor during the Uruguay Round negotiations which established the WTO. The digital economy raises an array of new issues, from privacy and data flows, which I have already discussed, to e-commerce and taxes. There is

great potential for cooperation among the U.S., UK and EU in furthering the negotiation of an e-commerce agreement. On the other hand, unilateral imposition of taxes on digital services by one or another European entity is likely to be a major obstacle to transatlantic cooperation more generally.

Let me say one word about the ongoing U.S.-UK FTA negotiations. As the first and fifth biggest global economies, the U.S. economic relationship with the UK is one of the largest in the world. A comprehensive U.S.-UK FTA would provide the United States with an opportunity to develop new approaches to trade, including with respect to digital trade, financial services and emerging technologies, with a like-minded ally who plays a pivotal role in the global economy. Of course, the capacity of the UK to reach an ambitious and high standard agreement with the U.S. will turn, in part, on how it resolves certain fundamental issues in its Brexit negotiations with the EU, including the degree to which it plans to align its regulations with Brussels going forward versus the degree of discretion it intends to exercise to define new standards with the U.S. and other trading partners.

#### **Unintended Consequences of Weaponizing Finance**

Finally, I turn now to an issue that impacts transatlantic cooperation and is within the control of the United States: sanctions. There are certainly circumstances that warrant the imposition of economic sanctions. Sanctions are one of several tools in the international economic and national security toolbox. That said, the use of unilateral sanctions—made possible by the primacy of the U.S. dollar—is not free of cost. Weaponizing finance through the imposition of unilateral sanctions runs the risk of incentivizing others -- both U.S. allies and

others -- to develop alternative mechanisms for conducting international trade and clearing transactions. Whether it is promoting alternative reserve currencies, developing central bank digital currencies or creating national or regional payment networks -- all of which we see among our European partners -- such sanctions have the potential of creating unintended, enduring and broad-ranging consequences for the centrality of U.S. dollar-based institutions and payment networks long after the specific sanctions against specific countries have been lifted. For these reasons, whenever sanctions are on the table, the U.S. government should consider a tailored approach, working wherever possible with allies like the UK and EU, which would strengthen the action while minimizing the risk of unintended consequences to the role of the dollar, dollar-based institutions and U.S. payment networks.

We appreciate the opportunity to share our views on these issues with the Subcommittee. Thank you for your time.

Mr. KINZINGER. You are muted.

Mr. KEATING. I was muted during that myself. I was just going to introduce Dr. Donfried and say, I will let you know, in case you do not have a timer in front of you on your screen, roughly when the 5 minutes is up.

Dr. DONFRIED.

**STATEMENT OF DR. KAREN DONFRIED, PRESIDENT, GERMAN MARSHALL FUND OF THE UNITED STATES**

Dr. DONFRIED. Thanks so much, Chairman Keating, Ranking Member Kinzinger, and other members of the committee. It is wonderful to have the opportunity to address the importance of transatlantic cooperation during the pandemic.

The views I express are mine alone, not those of the German Marshall Fund.

Allies matter. They especially matter when times are tough. And these are tough times.

Unfortunately, as the pandemic confronted Americans and Europeans, rather than boosting cooperation, the pandemic exposed just how bad relations have gotten. This fraying of transatlantic ties reflects years of disagreements over defense spending, trade, technology, and much more.

Nonetheless, the pandemic should spur us to move beyond ongoing disputes and focus on forging cooperative responses. I would like to highlight three opportunities.

First, the U.S. and Europe should cooperate on ensuring reliable supplies of PPE, personal protective equipment, and developing a vaccine, as both the chairman and ranking member have suggested.

There are calls on both sides of the Atlantic to no longer rely on other countries for PPE. U.S. interests will be best served, however, if we aim not for strict self-sufficiency but for broad resilience by implementing existing plans for stockpiling, encouraging diversity of supply, and keeping trade free of barriers. That goal could be best achieved by cooperating with our closest allies to build more integrated supply chains across the transatlantic space to ensure that neither the United States nor our European allies are dependent on critical supplies from China or Russia.

The race to develop a vaccine illustrates a similar tension between the impulse to withdraw from the world and the impulse to cooperate with like-minded countries. The competitor of the United States and Europe in the vaccine space is China, and we need to foster cooperation on the vaccine between the U.S. and Europe to allow for more effective competition.

Second, the U.S. and Europe should cooperate to provide reliable information to our citizens during the pandemic. Facts may be stubborn things, but the World Health Organization has warned about an "infodemic" of false information about the coronavirus.

GMF analyzed outlets sharing false content and developed a policy roadmap on how to combat the "infodemic." It is useful not only for U.S. policymakers but also as a basis for a transatlantic policy dialog given the shared interest in safeguarding the information ecosystem.

GMF's Alliance for Securing Democracy is tracking Chinese and Russian State-based messaging, which shows how the pandemic has spawned an epidemic of online disinformation. Congress has a key role to play on drafting legislation to combat disinformation, and we can learn valuable lessons on how Europe is responding.

One important arrow in our quiver to combat both misinformation and disinformation has been the federally funded media entities, including Radio Free Europe/Radio Liberty, overseen by the U.S. Agency for Global Media. The Agency's new CEO set off a firestorm of controversy when he immediately took action to fire top executives and remove the boards of the constituent entities last month. In Congress, bipartisan concern has been expressed in both chambers, including by this committee.

Chairman Keating, thank you for your leadership and bipartisan efforts in support of U.S. international broadcasting to ensure individuals living in closed systems can access outside information.

Third, we need transatlantic cooperation to meet the challenge of China. China is a commercial partner and rival as well as a political adversary of the United States and Europe. Given this multifaceted relationship, both sides of the Atlantic are struggling with how to manage China's rise and the accompanying challenges.

Unfortunately, the United States and Europe have largely addressed these challenges separately. During the initial part of the coronavirus outbreak, both Europe and the United States turned inward, putting in place export bans and tariffs on medical equipment. All of our countries were slow to help each other.

China was particularly quick to exploit the vacuum created by this harsh transatlantic reality, shipping needed medical equipment. GMF mapped China's assistance to 27 countries across Europe and found that the aid reflected national and economic interests, not simply humanitarian impulses.

A recent public opinion survey, "Transatlantic Trends," produced by GMF and partners, shows how Americans, French, and Germans see China's influence increasing but also how they see China's influence as ever more negative.

These public attitudes match the transatlantic conversation among both EU and U.S. government officials, who now acknowledge that the two sides need to do more together on the China challenge. I believe a congressional-European Parliament dialog would help establish a common transatlantic perspective on China.

To conclude, these proposed initiatives are one way to express transatlantic solidarity to meet the specific challenges of this pandemic, and to position the United States and Europe for a post-COVID-19 world marked by great-power competition. It is in our shared interest to face the current reality of COVID-19 together.

Thank you.

[The prepared statement of Dr. Donfried follows:]

“The Importance of Transatlantic Cooperation During the COVID-19 Pandemic”

Statement of  
Dr. Karen Donfried  
President, German Marshall Fund of the United States

Subcommittee on Europe, Eurasia, Energy, and the Environment  
Committee on Foreign Affairs  
U.S. House of Representatives

July 14, 2020

Chairman Keating, Ranking Member Kinzinger, and other members of the committee: Thank you for the opportunity to appear before the House Foreign Affairs Subcommittee on Europe, Eurasia, Energy, and the Environment to address the importance of transatlantic cooperation during the COVID-19 pandemic. I would like to make clear that the views I express are mine alone. I am not speaking for the German Marshall Fund of the United States, which does not take institutional positions on policy issues.

Allies matter. They especially matter when times are tough. And these are tough times. One need look no further than the COVID-19 pandemic, which has not only had profoundly negative health consequences, but also ushered in tremendous economic hardship. When we have faced tough times in the past, transatlantic cooperation has proven essential to finding effective solutions to shared challenges—for the United States and Europe, and for the world. That remains the case today. Unfortunately, however, as the pandemic confronted Americans and Europeans, rather than boosting cooperation, the pandemic has exposed just how bad relations between the two sides of the Atlantic had gotten. This fraying of transatlantic ties reflects years of grievances and disagreements over defense spending, trade, technology issues (ranging from digital tax and privacy to 5G and competition), and much more.

Divergent national responses to this latest coronavirus crisis have brought new sources of tension and complaint. Even as the pandemic spawned the latest round of transatlantic grievances, it can—and should—also provide countries a needed spur to move beyond ongoing disputes and focus on a new transatlantic project: forging cooperative responses to the pandemic. The United States government and its European counterparts urgently need to work together to tackle the coronavirus to ensure consistent supplies of personal protective equipment from reliable sources, to develop an effective COVID-19 vaccine, and to protect the flow of medically accurate facts and reliable information to their citizens. Looming over all of this is the relationship of the United States and Europe to China. How we Americans and Europeans collectively manage this pandemic carries important consequences for our overall relationship to China.<sup>1</sup> My goal in this testimony is to make clear how the United States can meet these coronavirus-related challenges most successfully by cooperating with its European partners. Crisis brings opportunity, both to develop more effective policies and to build a renewed sense of transatlantic solidarity that can last through this crisis and beyond.

<sup>1</sup> The 2018 National Defense Strategy identified the primary concern in U.S. national security as the reemergence of long-term strategic competition from China and Russia, which are described as revisionist, authoritarian powers.



Opportunity Knocks: The Search for PPE and the Race for a Vaccine

Five months into our daunting battle against COVID-19, Americans still face shortages of personal protective equipment (PPE). That reality has led some to call for the United States to no longer rely on other countries for PPE and related medical supplies. The goal is to shift production of those supplies back to the United States and close supply chain vulnerabilities. The reaction in Europe has been similar. European Commission Vice President Vera Jourova said in a debate on April 19 on Czech television that “this crisis has revealed our morbid dependency on China and India as regards pharmaceuticals. This is something that makes us vulnerable and we have to make a radical change... We will reassess the (supply) chains... and try to diversify them and, ideally, produce as many things as possible in Europe.”<sup>2</sup>

Experienced voices on both sides of the Atlantic, however, are discouraging us from that approach; rather than hunkering down, the advice is to implement existing plans for stockpiling, encourage diversity of supply, and keep trade free of barriers.<sup>3</sup> While many members of the European Union turned to national solutions at the start of the pandemic, increasingly they are looking to EU solutions. European Trade Commissioner Phil Hogan recently spoke at the European-American Chamber of Commerce and said his “message to Ambassador Lighthizer [U.S. Trade Representative] is that we can reduce tariffs on pharmaceutical and medical, we can frame standards on technology and we can work together on WTO. As soon as the US and EU came together, China did a 180-degree spin. We are losing a lot by not working together.”<sup>4</sup> Since March 19, Deputy Secretary of State Stephen Biegun has been holding weekly deputy minister-level coordination calls with transatlantic allies and partners, including the European Commission, and one topic has been facilitating “the maintenance of critical supplies of vital protective equipment and medical supplies.”<sup>5</sup> Drilling down on the issue of supply chain resilience is an important topic for further discussion and action.

*Given the keen interest Members of Congress have in ensuring their constituents, including frontline health care workers, have PPE, the House Foreign Affairs Committee could establish a parliamentary dialogue with European counterparts to map out legislation that might be needed on these issues. U.S. interests will be best served if we aim not for strict self-sufficiency, but for broad resilience. That goal can be best achieved by cooperating with our closest allies. The United States should play a leadership role in building more integrated supply chains across the transatlantic space to ensure that neither the United States nor our European allies are dependent on critical supplies from China or Russia.*

<sup>2</sup> “Jourova slams Europe’s ‘morbid dependency’ on China,” *Euractiv*, April 20, 2020, <https://www.euractiv.com/section/china/news/jourova-slams-europes-morbid-dependency-on-china/>.

<sup>3</sup> John Murphy, “Learning the Right Lessons: Safeguarding the U.S. Supply of Medicines and Medical Products,” U.S. Chamber of Commerce, April, 17, 2020, <https://www.uschamber.com/issue-brief/learning-the-right-lessons-safeguarding-the-us-supply-of-medicines-and-medical-products>; Sybrand Brekelmans and Nicolas Poitiers, “EU trade in medical goods: why self-sufficiency is the wrong approach,” *Bruegel* Blog Post, April 14, 2020, <https://www.bruegel.org/2020/04/eu-trade-in-medical-goods-why-self-sufficiency-is-the-wrong-approach/>.

<sup>4</sup> Extracts from Commissioner Phil Hogan’s remarks at European-American Chamber of Commerce event on Transatlantic Leadership Post-Covid,” Speech, European Commission, July 1, 2020, [https://ec.europa.eu/commission/commissioners/2019-2024/hogan/announcements/extracts-commissioner-phil-hogans-remarks-european-american-chamber-commerce-event-transatlantic\\_en](https://ec.europa.eu/commission/commissioners/2019-2024/hogan/announcements/extracts-commissioner-phil-hogans-remarks-european-american-chamber-commerce-event-transatlantic_en).

<sup>5</sup> “Transatlantic Cooperation on COVID-19,” Fact Sheet, Office of the Spokesperson, Department of State, May 12, 2020, <https://www.state.gov/transatlantic-cooperation-on-covid-19/>.

The race to develop a COVID-19 vaccine illustrates a similar tension between the impulse to withdraw from the world and the impulse to cooperate with like-minded countries. Creating this vaccine is of paramount importance to the United States and to every other country. Without a reliable treatment for COVID-19, the only way to envision a return to some semblance of pre-coronavirus life is an effective vaccine that has been produced in large scale and distributed globally. Seventeen vaccine candidates are already undergoing clinical trials. Four candidates are being tested in the United States, two in the United Kingdom, and two in Germany.<sup>6</sup> The motivation countries feel to discover an effective vaccine has also pitted them against each other out of fear the discoverer would, at least initially, hoard vaccine supplies for its own citizens.

Some argue this global competition is leading countries to make bad choices. One example being cited is the decision by the German government to pay 300 million euros to purchase 23 percent of CureVac, a German biopharmaceutical company developing a COVID-19 vaccine. Reportedly, the driver for this acquisition was President Trump ruminating about paying CureVac to relocate to the United States and the German government's outraged response to nip that idea in the bud. Politico's Elizabeth Ralph wrote: "While scientists try to collaborate across national boundaries, national leaders are caught up in an old-fashioned game of one-upmanship – a competition that is driving, and in some cases complicating, the most consequential medical challenge of the 21<sup>st</sup> century. Public health experts say we should be worried."<sup>7</sup> There is concern that "vaccine nationalism" could lead countries to take shortcuts or even cheat, ultimately lengthening the path to a reliable vaccine.

The real competitor of the United States in this space, however, is not Germany, France or the United Kingdom; it is China. The virologist leading China's vaccine project said in March: "If China is the first to develop this weapon with its own intellectual property rights, it will demonstrate not only the progress of Chinese science and technology, but also our image as a major power."<sup>8</sup> Of the 17 vaccine candidates mentioned above, six of the trials are taking place in China.

The United States has shunned multilateral efforts, including a European-Union-hosted summit with participation ranging from Australia to China and South Africa.<sup>9</sup> The focus of U.S. efforts is Operation Warp Speed, an enormous federal effort to make Covid-19 vaccines and treatments available to U.S. citizens as soon as possible. As of early July, the U.S. government has invested close to \$4 billion in companies developing vaccines.<sup>10</sup> The EU launched a vaccine strategy in June designed to "secur[e]

<sup>6</sup> Claire Felter, "What is the World Doing to Create a COVID-19 Vaccine?," Council on Foreign Relations Backgrounder, June 30, 2020, <https://www.cfr.org/backgrounder/what-world-doing-create-covid-19-vaccine>.

<sup>7</sup> Elizabeth Ralph, "The Dangerous Race for the Covid Vaccine," *Politico Magazine*, July 7, 2020, <https://www.politico.com/news/magazine/2020/07/07/vaccine-race-covid-national-pride-348072>; see also Bill Alpert, "Germany Makes a Bid Bet on a Covid-19 Vaccine Developer Once Coveted by Trump," *Barron's*, June 15, 2020, <https://www.barrons.com/articles/germany-makes-a-big-bet-on-a-covid-19-vaccine-developer-once-coveted-by-trump-51592235902>.

<sup>8</sup> *Ibid.*

<sup>9</sup> Lorne Cook, "World leaders pledge billions for virus vaccine research," *AP*, May 4, 2020, <https://apnews.com/23b052324d5da5126ecc842ca6cd1ea1>.

<sup>10</sup> Katie Thomas, "U.S. Will Pay \$1.6 Billion to Novavax for Coronavirus Vaccine," *New York Times*, July 7, 2020, <https://www.nytimes.com/2020/07/07/health/novavax-coronavirus-vaccine-warp-speed.html>.

swift access to vaccines for Member States and their populations while leading the global solidarity effort.”<sup>11</sup>

This race for a Covid-19 vaccine is presently a test of transatlantic cooperation. *The opportunity is to break out of the prevailing nationalistic tendencies and foster cooperation between the U.S. and Europe to allow for more effective competition with China.*

#### Opportunity Knocks: Providing Reliable Information

Facts may be stubborn things, but the World Health Organization has warned about an “infodemic” of false information about the coronavirus. For democracies to function, access to reliable information is critical. During a pandemic, that access can mean the difference between life and death. Colleagues with GMF’s Digital Innovation and Democracy Initiative analyzed outlets sharing false content and were struck by the volume of coronavirus stories. Misleading and inaccurate articles carried headlines like “STUDY: 26 Chinese Herbs Have a ‘High Probability’ of Preventing Coronavirus Infection.” Conspiracy theories spreading fears of so-called “forced vaccines” are already spreading on social media. Based on their research, my colleagues offered a five-point plan for how policymakers and platforms should address this coronavirus “infodemic,” ranging from creating a fund for local journalism to holding platforms responsible for harmful viral misinformation.<sup>12</sup> *This proposed policy roadmap on how to combat the “infodemic” is useful not only for U.S. policymakers, but also as the basis for a transatlantic policy dialogue in light of the shared interest our European counterparts have in safeguarding the information ecosystem, building on the work of the Commission on both disinformation and a Digital Services Act.*

Beyond the false information being pedaled, some foreign actors are using the coronavirus pandemic to manipulate information and use that disinformation to seek to undermine Western democracies. In Europe, the tsunami of misleading and false information circulating about Covid-19 led the European Commission and the European External Action Service to announce on June 10, 2020, stepped up actions to tackle disinformation. The 17-page “joint communication” called, among other things, for greater transparency of online platforms (such as Google, Facebook, and Twitter) about disinformation and an “intensified role” for online platforms by asking them to “make available monthly reports on their policies and actions to address COVID-19 related disinformation.”<sup>13</sup> While the EU previously had

<sup>11</sup> “Coronavirus: Commission unveils EU vaccines strategy,” Press Release, European Commission, June 17, 2020, [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_20\\_1103](https://ec.europa.eu/commission/presscorner/detail/en/ip_20_1103). See also Michael Peel, Peter Foster, and Jim Pickard, “Britain weighs joining EU pact to buy vaccine stocks as US scoops up supplies,” *Financial Times*, July 4-5, 2020; and Jillian Deutsch, Cristina Gallardo, and Ashleigh Furlong, “UK snubs EU invitation to purchase vaccines, choosing to go it alone,” *Politico*, July 10, 2020, <https://www.politico.com/news/2020/07/10/uk-snubs-eu-invitation-to-purchase-vaccines-choosing-to-go-it-alone-356641>.

<sup>12</sup> Karen Kornbluh and Ellen P. Goodman, “Five Steps to Combat the Infodemic,” Transatlantic Take, German Marshall Fund of the United States, March 26, 2020, <https://www.gmfus.org/blog/2020/03/26/five-steps-combat-infodemic>. See also Kornbluh and Goodman, “Safeguarding Digital Democracy,” Report, German Marshall Fund of the United States, March 24, 2020, [https://www.gmfus.org/sites/default/files/Safeguarding%20Democracy%20against%20Disinformation\\_v7.pdf](https://www.gmfus.org/sites/default/files/Safeguarding%20Democracy%20against%20Disinformation_v7.pdf).

<sup>13</sup> “Joint Communication to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions on Tackling COVID-19 disinformation—Getting the facts right,” European Commission and High Representative of the Union for Foreign Affairs and Security Policy,

pointed to Russia as a bad actor in the disinformation space, in this document China is mentioned by name for the first time as having “engaged in targeted influence operations and disinformation campaigns around COVID-19 in the EU, its neighbourhood and globally, seeking to undermine democratic debate and exacerbate social polarization, and improve their own image in the COVID-19 context.”<sup>14</sup> *The communication also calls for increased cooperation with third countries and international partners, an offer the United States could pick up in this common fight against disinformation.*

GMF’s Alliance for Securing Democracy is producing original analysis and tracking messaging from Chinese and Russian state-backed media and diplomatic actors to analyze the geopolitical impact of the crisis.<sup>15</sup> Colleagues have analyzed the extent to which the pandemic has “spawned an epidemic of online disinformation, ranging from false home remedies to state-sponsored influence campaigns.”<sup>16</sup> They have also tracked the extent to which China is using ever more assertive tactics in an attempt to shape perceptions of the pandemic.<sup>17</sup> *Congress has a key role to play on drafting legislation to combat disinformation; this is an area ripe for transatlantic cooperation. The United States can learn valuable lessons on how European countries and institutions have responded to disinformation.*

In fact, the European Parliament voted on June 18, 2020, to establish a special committee on foreign interference to “provide a common, holistic, long-term approach to addressing evidence of foreign interference in the democratic institutions and processes of the EU and its Member States,...including disinformation campaigns on traditional and social media to shape public opinion.”<sup>18</sup> The special committee will investigate vulnerabilities and evaluate EU and national actions in order to release, 12 months later, a final report presenting factual findings and recommendations for legislative and non-legislative measures to be taken. Several aspects of the European Parliament’s approach stand out: (1) the cross-party nature of the effort to set up this special committee; (2) the holistic approach to foreign

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Brussels, June 10, 2020, p. 9, [https://ec.europa.eu/info/sites/info/files/communication-tackling-covid-19-disinformation-getting-facts-right\\_en.pdf](https://ec.europa.eu/info/sites/info/files/communication-tackling-covid-19-disinformation-getting-facts-right_en.pdf).

<sup>14</sup> Ibid, p. 3.

<sup>15</sup> Coronavirus and Information Manipulation, Alliance for Securing Democracy, German Marshall Fund of the United States, <https://securingdemocracy.gmfus.org/coronavirus-and-information-manipulation/>.

<sup>16</sup> Lindsay Gorman and Nathan Kohlenberg, “Combating the Coronavirus Infodemic: Is Social Media Doing Enough?,” Alliance for Securing Democracy, German Marshall Fund of the United States, March 27, 2020, <https://securingdemocracy.gmfus.org/combating-the-coronavirus-infodemic-is-social-media-doing-enough/>.

<sup>17</sup> Jessica Brandt and Bret Schafer, “Five Things to Know About Beijing’s Disinformation Approach,” Alliance for Securing Democracy, German Marshall Fund of the United States, March 30, 2020,

<https://securingdemocracy.gmfus.org/five-things-to-know-about-beijings-disinformation-approach/>. See also Jessica Brandt and Nathan Kohlenberg, “How Beijing Exploits Inflammatory China Virus Rhetoric,” Alliance for Securing Democracy, German Marshall Fund of the United States, April 3, 2020,

<https://securingdemocracy.gmfus.org/how-beijing-exploits-inflammatory-china-virus-rhetoric/>.

<sup>18</sup> “Proposal for a Decision,” European Parliament, June 11, 2020,

[https://www.europarl.europa.eu/doceo/document/B-9-2020-0190\\_EN.pdf](https://www.europarl.europa.eu/doceo/document/B-9-2020-0190_EN.pdf). See also “Parliament sets up special and inquiry committees and a permanent subcommittee,” Press Release, European Parliament, June 19, 2020, <https://www.europarl.europa.eu/news/en/press-room/20200615IPR81228/parliament-sets-up-special-committees-and-a-permanent-subcommittee#:~:text=The%20special%20committee%20on%20foreign,rules%20were%20breached%20or%20circumvented>. And Kristine Berzina, Nad’a Kovalcikova, David Salvo, and Etienne Soula, “European Policy Blueprint for Countering Authoritarian Interference in Democracies,” Alliance for Securing Democracy, German Marshall Fund of the United States, June 2019, <https://www.gmfus.org/publications/european-policy-blueprint-countering-authoritarian-interference-democracies>.

interference and the willingness to investigate areas of that interference beyond the run-up to elections; and (3) the focus on learning from various democracies' best practices to counter foreign interference and enhance the whole-of-society resilience.

As the United States works to build greater resilience to both misinformation and disinformation, as the members of this subcommittee well know, one important arrow in our quiver has been the federally funded media entities, including Radio Free Europe/Radio Liberty (RFE/RL) and Radio Free Asia (RFA), which are overseen by the U.S. Agency for Global Media (USAGM) and reach a total of roughly 340 million people abroad. The new Open Technology Fund has worked with innovators around the world to produce critical Internet freedom tools. USAGM's mission "is to inform, engage, and connect people around the world in support of freedom and democracy."<sup>19</sup>

New USAGM CEO Michael Pack set off a firestorm of controversy when he immediately took action to fire several top executives and remove the boards of the constituent entities on June 17, 2020.<sup>20</sup> In Congress, bipartisan concern has been expressed in both chambers. In the House of Representatives, Chairman Engel and Ranking Member McCaul spoke out almost immediately in separate statements. On July 1, seven U.S. Senators – four Republicans and three Democrats – wrote Pack a letter underscoring that "[w]e are at a critical moment in history where malign actors including Russia, China, and Iran, are using advanced tools and technology to undermine global democratic norms, spreading disinformation, and severely restricting their own free press to hamper access to independent news for their citizens...[who] turn to outside media as their only trustworthy source of unbiased, accurate news." The Senators underscored that "the credibility and independence of these networks [at USAGM], as required by law, is critical for audiences overseas living under repressive regimes" and state their intention "to do a thorough review of USAGM's funding to ensure that United States international broadcasting is not politicized."<sup>21</sup>

When Mr. Pack fired Jamie Fly as the broadcaster's president, RFE/RL had been moving toward restarting service in Hungary, after having shut it down in 1993 in the belief that Hungary had established itself as a democracy. According to Fly, in "Hungary's heavily polarized media landscape, we will try to be that neutral ground where people of all political viewpoints can find information."<sup>22</sup> USAGM was responding to an erosion of press freedom in Hungary under nationalist Prime Minister Orban. Fly also felt an important task for RFE/RL was to fight fake news from Russia and increasingly from China; he had expressed concern about "a renewed push by Chinese propaganda outlets and trolls on social media trying to seize the narrative."<sup>23</sup> Fly's commitment to fighting for press freedom and against disinformation stands out as an exemplary hallmark of his leadership at RFE/RL; his removal undermines these efforts.

<sup>19</sup> See website of the U.S. Agency for Global Media, <https://www.usagm.gov/who-we-are/mission/>.

<sup>20</sup> Pack's actions have been challenged in a case before the District of Columbia Federal District Court.

<sup>21</sup> Jennifer Hansler, "Lawmakers demand answers on firing spree at global media," *CNN*, June 19, 2020, <https://www.cnn.com/2020/06/19/politics/usagm-firing-lawmakers-reaction/index.html>; letter can be found at: [https://fm.cnbcm.com/applications/cnbc.com/resources/editorialfiles/2020/07/01/july1\\_LTR\\_to\\_Michael\\_Pack.pdf](https://fm.cnbcm.com/applications/cnbc.com/resources/editorialfiles/2020/07/01/july1_LTR_to_Michael_Pack.pdf)

<sup>22</sup> Felix Schlagwein, "Radio Free Europe rebrands in Bulgaria, Hungary, and Romania," *DW*, April 4, 2020 (<https://www.dw.com/en/radio-free-europe-rebrands-in-bulgaria-hungary-and-romania/a-53000510>).

<sup>23</sup> *Ibid.*

*Americans and Europeans share an interest in making sure efforts to support a free press and to provide reliable news are not diminished in the most vulnerable parts of Europe and around the world. One of the best ways to push back on authoritarian regimes and empower their citizens is through truthful, transparent information; an ideal common project for the United States and Europe is providing the ability for individuals living in closed systems to access outside information. Our shared commitment to a free press is a hallmark of our democracies and has been at the core of what unites us.*<sup>24</sup>

#### Opportunity Knocks: Meeting the Challenge of China

My fundamental argument that the United States and Europe will be more effective in meeting the challenge of COVID-19 if we cooperate carries significant implications for the broader relationship with China. China is a commercial partner and rival, as well as a political adversary, of the United States and Europe. Given this multi-faceted relationship, both sides of the Atlantic are struggling with how to manage China's rise and the accompanying challenges. Unfortunately, the United States and Europe have largely addressed those challenges separately. The failure of the two sides of the Atlantic to forge a coordinated – if not common – strategy on China has weakened their ability to hold China accountable for its initial handling of the virus, counter Chinese messaging during the pandemic, and construct a joint approach to diversifying supply lines.

During the initial part of the coronavirus outbreak, in the face of medical supply shortages, both Europe and the United States turned inward. Washington ordered the company 3M to halt its exports of N95 masks and to reroute its overseas production to the United States as part of a broader effort to meet domestic demand, loosening restrictions only in the face of vocal backlash. The European Union banned the export of face shields, protective garments, masks, and gloves for the same reason. Even within the European Union, which is supposed to be a single market, Germany and France initially blocked the export of needed medical equipment to other EU members. For example, only after pressure from the Swedish government did French officials lift its export restrictions on masks and rubber gloves (which a Swedish firm was trying to send to Italy and Spain from a storage center in France). Meanwhile, the United States was slow to offer any help to its counterparts, including Italy, its hardest hit European ally.

Russia and China rushed to exploit the vacuum created by this harsh transatlantic reality. On March 22, Russian President Putin sent nine planes full of medical equipment to Italy, a mere 24 hours after having spoken to Italian Prime Minister Conte. The Russian aid turned out to be controversial, with some reports claiming much of the shipment was of little or no practical use, but Italians welcomed the help, feeling abandoned by their traditional allies. China had responded even more quickly to Italy's plight, shipping specialized medical staff, masks, gloves, and ventilators. Italian Foreign Minister Di Maio applauded the

<sup>24</sup> Paul Farhi, "After departure of Voice of America editors, new Trump-appointed overseer fires heads of four sister organizations," *Washington Post*, June 18, 2020, [https://www.washingtonpost.com/lifestyle/media/after-departure-of-voice-of-america-editors-new-trump-appointed-overseer-fires-heads-of-four-sister-organizations/2020/06/18/db8822ca-b166-11ea-8f56-63f38c990077\\_story.html](https://www.washingtonpost.com/lifestyle/media/after-departure-of-voice-of-america-editors-new-trump-appointed-overseer-fires-heads-of-four-sister-organizations/2020/06/18/db8822ca-b166-11ea-8f56-63f38c990077_story.html); Courtney Buble, "Senator Asks Inspector General to Investigate Global Media Agency Firings," *Government Executive*, June 25, 2020, <https://www.govexec.com/oversight/2020/06/senator-asks-inspector-general-investigate-global-media-agency-firings/166449/print/>; Zack Cooper and Laura Rosenberger, "Gutting USAGM Hurts Our Ability to Compete with China and Other Authoritarian Regimes," *Alliance for Securing Democracy Blog Post*, German Marshall Fund of the United States, <https://securingdemocracy.gmfus.org/gutting-usagm-hurts-our-ability-to-compete-with-china-and-other-authoritarian-regimes/>.

effort, rejoicing that “there are people in the world who want to help Italy.” Other countries, including Spain, France, Greece, and the Czech Republic, also expressed gratitude for Chinese help.<sup>25</sup>

Altruism, however, was not the only motivating factor behind this Chinese aid. GMF colleagues mapped China’s assistance to 27 countries across Europe between March 12 and April 20 and found that the assistance by Chinese authorities and companies reflected national and economic interests, not simply humanitarian impulses. Relying on an aggressive and often biting messaging campaign, the Chinese government worked to deflect blame from China’s own failings in response to the virus, portray itself as the de facto world leader, and criticize Western democracies for their (mis)management of the pandemic. China’s sustained communications strategy and diplomatic push targeted a global audience to portray China as a partner of first resort – not the United States or even the EU.<sup>26</sup> In April, the EU began to mobilize, announcing substantial financial, economic, and medical support programs, but considerable damage to European cohesion had already been done.

Public perceptions of China on both sides of the Atlantic are revealing. On June 30, GMF, together with France’s Institut Montaigne and Germany’s Bertelsmann, released *Transatlantic Trends*, a survey of public opinion in France, Germany, and the United States. The survey was conducted twice – in January and in May – allowing us to compare pre- and post-COVID-19 opinion. One of the most interesting questions asked which actor is most influential in global affairs. Before the pandemic, all three countries chose the United States. By May, that was still the case, although percentages were smaller across the three countries. In contrast, China’s influence had soared. In January, 6% in the U.S., 12% in Germany, and 13% in France viewed China as most influential (when compared to the U.S., EU, and Russia). When re-surveyed in May, the percentages doubled to 14% in the U.S., 20% in Germany, and 28% in France. Importantly, China’s rising perceived influence in global affairs is seen increasingly as negative, with double digit increases between January and May—a 10 point increase in France to 58% (up from 48%), a 10 point increase in Germany to 61% (up from 51%), and an 11 point increase in the U.S. to 57% (up from 46%).<sup>27</sup>

These public attitudes match the transatlantic conversation among government officials. Both EU and U.S. government officials now acknowledge that the two sides need to do more together on the China challenge. When reporting out to press on a video conference the EU Foreign Affairs Council had with Secretary of State Pompeo on June 15, EU High Representative Borrell noted his suggestion to Secretary Pompeo that the EU and the U.S. launch a bilateral dialogue “on China and the challenges that the more assertive attitude of China is bringing to the world stage.” Borrell referenced the importance of both

<sup>25</sup> Karen Donfried and Wolfgang Ischinger, “The Pandemic and the Toll of Transatlantic Discord,” *Foreign Affairs*, April 18, 2020, <https://www.foreignaffairs.com/articles/united-states/2020-04-18/pandemic-and-toll-transatlantic-discord>; see also Lara Marlowe, “Coronavirus: European solidarity sidelined as French interests take priority,” *The Irish Times*, March 30, 2020, <https://www.irishtimes.com/news/world/europe/coronavirus-european-solidarity-sidelined-as-french-interests-take-priority-1.4216184>; BBC News Russian, “Coronavirus: What does ‘from Russia with love’ really mean?,” <https://www.bbc.com/news/world-europe-52137908>.

<sup>26</sup> Etienne Soula, Franziska Luetge, Melissa Ladner, and Manisha Reuter, “Masks Off: Chinese Coronavirus Assistance in Europe,” Policy Paper, Alliance for Securing Democracy and Asia Program, German Marshall Fund of the United States, July 2020, <https://www.gmfus.org/publications/masks-chinese-coronavirus-assistance-europe>.

<sup>27</sup> “Transatlantic Trends 2020: Transatlantic opinion on global challenges before and after COVID-19,” Bertelsmann Foundation, German Marshall Fund of the United States, and Institut Montaigne, [https://www.gmfus.org/sites/default/files/TT20\\_Final.pdf](https://www.gmfus.org/sites/default/files/TT20_Final.pdf).

cooperating “closely” to address these issues jointly and looking for “common ground to defend our values and our interests.”<sup>28</sup> Ten days later, Secretary Pompeo spoke at a session of Brussels Forum, GMF’s signature annual conference, and announced that the United States had accepted Borrell’s proposal to create a U.S.-EU Dialogue on China, “a new mechanism for discussing the concerns we have about the threat China poses to the West and our shared democratic ideals.” In discussing the China challenge, Pompeo noted that “[t]here is a transatlantic awakening to the truth of what’s happening.”<sup>29</sup> Reportedly, EU diplomats have suggested the dialogue could be a forum for combatting Chinese disinformation.<sup>30</sup>

While the specific topics of the U.S.-EU dialogue must still be clarified, this Pompeo-Borrell channel could be paired productively with a dialogue between Members of the House of Representatives and of the European Parliament. Last month, parliamentarians from multiple countries (including the U.S., U.K., Australia, Canada, Germany, European Union, Japan, Norway and Sweden) announced the launch of the Inter-Parliamentary Alliance on China (IPAC) to work toward “reform on how democratic countries approach China.”<sup>31</sup> From the United States, Senators Rubio and Menendez participate.

*IPAC could be complemented productively by a Congressional-European Parliament Dialogue. Precisely because it is so difficult for a diverse group of 27 European countries to agree on a common approach, particularly when it comes to as multifaceted an issue as relations with China, it would enhance understanding and help establish a common perspective if American and European lawmakers were to engage regularly, share information, and wrestle with long-standing concerns over everything from disinformation, emerging technologies, and investment screening to Hong Kong and human rights.*

#### Opportunity in Crisis

Now is the moment for the United States to exercise its immense global leadership potential, even as we are fighting a surge of COVID-19 cases. The countries of the European Union, unlike the United States, appear to have flattened the curve effectively. According to Johns Hopkins University, the seven-day rolling average of newly confirmed COVID-19 cases showed, as of June 28, 3,832 cases for the EU and

<sup>28</sup> “Video conference of Foreign Affairs Ministers: Remarks by High Representative/Vice President Josep Borrell at the press conference,” European Union External Action Service, Brussels, June 15, 2020, <https://eeas.europa.eu/headquarters/headquarters-homepage/80898/video-conference-foreign-affairs-ministers-remarks-high-representativevice-president-josep-en>.

<sup>29</sup> Secretary of State Michael Pompeo, “A New Transatlantic Dialogue,” U.S. Department of State’s Transcript of Remarks at GMF’s Brussels Forum, June 25, 2020, <https://www.state.gov/a-new-transatlantic-dialogue/>. Reports that National Security Adviser O’Brien was traveling to Europe with Deputy National Security Adviser Pottinger to discuss China on July 13 sparked confusion about the relationship of those consultations with O’Brien’s counterparts from the U.K., France, Germany, and Italy to the U.S.-EU Dialogue announced by Secretary Pompeo; see Daniel Lippmann, “Trump national security adviser heading to Europe for talks on China,” *Politico*, July 12, 2020, <https://www.politico.eu/article/trump-national-security-adviser-heading-to-europe-for-talks-on-china/>.

<sup>30</sup> <https://www.reuters.com/article/us-usa-china-pompeo-eu/u-s-and-eu-must-face-down-china-together-pompeo-says-idUSKBN23W2KA>.

<sup>31</sup> Robin Emmott, “U.S. and EU must face down China together, Pompeo says,” *Reuters*, June 25, 2020, <https://www.ipac.global/>; <https://www.newsweek.com/us-japan-lawmakers-opposing-parties-unite-world-end-naive-china-strategy-1509029>.



38,192 for the U.S.<sup>32</sup> The staying power of this pandemic, particularly visible here in the U.S., should propel us, together with our closest allies in Europe, to form the core of a worldwide response to the pandemic. These proposed initiatives are one way to express transatlantic solidarity, to meet specific challenges of this pandemic, and to position the United States and Europe for a post-COVID-19 world marked by great power competition. It is in our shared interest to face the current reality of COVID-19 together. Transatlantic ties have frayed. That makes the need for forging a common path all the more pressing, if all the more difficult.

<sup>32</sup> Felix Richter, "The State of the Unions," Statista, June 29, 2020, <https://www.statista.com/chart/22102/daily-covid-19-cases-in-the-us-and-the-eu/>.

Mr. KEATING. Thank you.

And now the chair recognizes Ms. Ellehuus.

**STATEMENT OF RACHEL ELLEHUUS, DEPUTY DIRECTOR, EUROPE PROGRAM, CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES**

Ms. ELLEHUUS. Perfect pronunciation, sir. Thank you.

Mr. KEATING. Thank you.

Ms. ELLEHUUS. Chairman Keating, Ranking Member Kinzinger, and distinguished members of the subcommittee, thank you for opportunity to appear before you today.

These are tough times for our country, but I have no doubt that we are stronger when we work together as a Nation and with our allies and partners. Our European allies and partners are vital to the U.S. economic welfare and national security. Whether we are safeguarding an open and fair trade system, deterring our adversaries, or assisting one another in counterterrorism and law enforcement operations, our European allies and partners magnify U.S. reach, power, and legitimacy around the globe.

The importance of this cooperation is even more critical when it comes to transnational threats such as COVID-19. Much like climate change, the virus does not respect national borders. Equally, it cannot be managed by any one country or organization alone.

In the early days of the crisis, the immediate instinct was for every nation to act for itself, yet the imperative of a coordinated approach quickly materialized.

NATO sprung into action. It used its Euro-Atlantic Disaster Response Coordination Cell to coordinate requests for and offers of assistance from allies and partners, matching donors and providers, and drawing on its transport capabilities to move the materials.

The European Union, which has no mandate for public health, found ways to assist its member-States with coordination and funding. The Commission, for example, is pooling information from all EU member-States regarding each country's opening status, levels of risk, health requirements, and numbers of cases and death. The EU has also played an important funding role, both on funding a vaccine and treatment for COVID-19, to a pilot program to support development of innovations to tackle the virus.

Unfortunately, what is still lacking, despite some improvements of late, is U.S. leadership. The current administration has not assumed the global leadership role that we saw traditionally played by George Bush during the AIDS and SARS crisis and President Obama during the H1N1, Zika, and Ebola epidemics, where the U.S. rallied countries to mount an international, coordinated response. Our competitive, go-it-alone approach to handling the pandemic will have costs with our allies.

The President's unilateral announcement in March of a travel ban against 26 countries occurred without prior consultation with the EU. More recently, we declined to participate in various international coalitions that are pooling resources and risk in the global race to develop a vaccine.

The Administration has also shown little interest in assisting developing countries, having failed to spend most of the \$1.6 billion in emergency assistance that Congress allocated in March.

Equally troubling, the U.S. approach to the pandemic has become a part of a broader geopolitical competition with China, causing paralysis in the Security Council. Rather than working with our allies and partners to hold the WHO accountable and demand a more effective response, the Administration precipitously halted funding to the WHO and announced our intent to withdraw from the organization at a critical time.

Shocked, yet not surprised, our allies and partners see this as a continuation of our habit of unilaterally withdrawing from international commitments, like the IMF Treaty, the Paris climate accords, and the Treaty on Open Skies.

Meanwhile, security and defense challenges have not subsided. NATO has seen an uptick in cyber attacks and disinformation during the pandemic. Early in the pandemic, Russian media falsely suggested that a British facility created the coronavirus and deliberately planted it in China. Subsequent disinformation efforts blamed the source of the outbreak on U.S. and European elites and its spread on the U.S. military. Since January, the EU's External Action Service has logged more than 110 cases of Russian disinformation.

Russia is also pushing boundaries on the conventional front. Three times in the week of March 7, they flew their strategic bombers over the Barents, Norwegian, and North Seas. While the jets were promptly met by NATO forces, it is clear that Russia hoped to take advantage of a less contested airspace to probe further south than in the past.

In light of these provocations, it is vital the U.S. maintain its presence in Europe and NATO continue to reinforce its deterrence and defense posture. The investments enabled by the European Deterrence Initiative—and I would like to thank Congress for its consistent support in this regard—ensure that NATO is ready to deter and defend against the full range of threats.

Sustaining this progress will not be easy. Prior to the pandemic, 2020 was on track to be the sixth consecutive year of growth in NATO defense spending. And while NATO's defense budgets are likely to remain stable in the near term, the economic damage created by COVID-19 will create downward pressure on defense spending in the near term—in the medium term.

Finally, a note on China. The pandemic has moved Europe closer to the U.S. view on China. Moreover, disinformation efforts by China to cover up and deflect blame for the pandemic have exposed its authoritarian tactics and raised questions about its motives. The recent U.K. decision to reduce Huawei's access to the U.K. market may be a reflection of this.

In addition to NATO's ongoing discussions for standards of communications and critical infrastructure, the U.S. and EU must work together on a transatlantic approach to align standards and rules—for example, with regard to foreign acquisitions, emerging technologies, and supply chain resilience.

With that, I will close and thank you for your time and the honor of joining you today.

[The prepared statement of Ms. Ellehuus follows:]



**Statement before the House Foreign Affairs  
Subcommittee on Europe, Eurasia, Energy and the Environment**

***“The Importance of Transatlantic Cooperation  
During the COVID-19 Pandemic.”***

A Testimony by:

**Rachel Ellehuus**

Deputy Director, Europe Program,  
Center for Strategic and International Studies

**July 14, 2020**

**Cisco WebEx**

Chairman Keating, Ranking Member Kinzinger, and distinguished members of the Subcommittee, thank you for the opportunity to appear before you today. These are difficult times for our country, but I have no doubt that we are stronger when we work together as a nation and with our Allies and partners.

Our European Allies and partners are vital to the United States' economic welfare and national security. In 2018, U.S. goods and services trade with the European Union (EU) totaled approximately \$1.3 trillion.<sup>1</sup> Europe is host to some 68,000 U.S. troops.<sup>2</sup> Whether safeguarding an open and fair-trade system, deterring our adversaries, or assisting one another in counterterrorism and law enforcement operations, our European Allies and partners magnify U.S. reach, power, and legitimacy around the globe.

The importance of this cooperation is even more critical when it comes to transnational threats such as the Covid-19 pandemic. Much like climate change, the virus does not respect national borders. Equally, it cannot be managed by any one country or organization alone. A coordinated, sustained response is essential both to combatting the virus and managing the economic recovery.

In the early days of the crisis, the immediate – and perhaps natural – instinct was for every nation to act for itself. In Europe as in the United States, individual countries, states, regions, and cities instituted their own quarantine rules and travel restrictions, and worked aggressively to procure the essential Personal Protective Equipment and medical supplies.

Yet the imperative of a coordinated approach quickly materialized. NATO sprung to action, utilizing its Euro-Atlantic Disaster Response Coordination Center (EADRDC) to coordinate requests for, and offers of, assistance from Allies and partners, matching donors with providers.<sup>3</sup> The Alliance then leveraged its impressive logistics network to draw on countries' national and pooled airlift capabilities to transport the materials.<sup>4</sup>

The EU, which has no mandate for public health, nevertheless found ways to assist its member states with coordination and funding in the pandemic. The European Commission, for example, is pooling information from all EU member states regarding each country's reopening status,<sup>5</sup> Covid-19 levels of risk, health requirements, and numbers of cases and deaths.<sup>6</sup> The EU has also played an important funding role, from the highly publicized global fundraising event for vaccines and treatments (€15.9 billion raised),<sup>7</sup> to a pilot program of €150 million to support the development of game-changing innovations to tackle Covid-19.<sup>8</sup>

Unfortunately, what was and remains lacking is U.S. leadership.

The current Administration has not assumed the global leadership role that the United States has traditionally played in responding to pandemics. Both President George W. Bush during the AIDS and SARS crises, and President Barack Obama during the H1N1, Zika, and Ebola epidemics, rallied countries to mount an international collaborative response.

In contrast, this Administration has adopted a competitive, go-it-alone approach to handling the pandemic. This includes attempts in April to intercept shipments of masks and medical supplies

meant for other countries.<sup>9</sup> Likewise, the President's unilateral announcement in March of a travel ban against 26 European countries (but not, initially, the United Kingdom) occurred without prior consultation with the European Union.<sup>10</sup> More recently, the United States declined to participate in the various international coalitions that are pooling resources and risk in the global race to develop a vaccine, many of them under European leadership. The administration has also shown little interest in assisting developing countries, having thus far failed to spend more than 75% of the \$1.6 billion in emergency assistance that Congress allocated in March.<sup>11</sup>

Equally troubling, the U.S. approach to the pandemic has become part of the broader geopolitical competition with China. This tension has caused paralysis in the UN Security Council as when the U.S. blocked a resolution calling for a global ceasefire over a reference to the World Health Organization (WHO).<sup>12</sup> Rather than work with Allies and partners to hold the WHO accountable and demand a more effective response, the Administration in April precipitously halted funding to the WHO and announced the U.S. intent to withdraw from the organization at this critical time. This is yet another blow to U.S.-European cooperation. Shocked yet not surprised, our European Allies and partners see this as a continuation of the U.S. Administration's penchant for unilaterally withdrawing from its international commitments, such as the Intermediate-Range Nuclear Forces Treaty, Paris Climate Accords, and Treaty on Open Skies.

This lack of U.S. leadership and failure to cooperate with our European Allies and partners is problematic on several accounts. First, it creates a gap for our adversaries to exploit. China and Russia have eagerly stepped forward to ship supplies to those in need and project an image as responsible global leaders. Second, it undermines trust in the United States as a reliable partner. This will have consequences the next time we ask our Allies and partners to join us in an operation or support us on a policy initiative. Finally, it hampers the global recovery from the pandemic. Insofar as the United States accounts for a quarter of global GDP, the pace and extent of the recovery of European Allies and partners is linked to our own. And as long as the virus is circulating anywhere in the world, U.S. interests will remain insecure.

Meanwhile, other security and defense challenges have not subsided. In fact, many are accelerating as Allies and adversaries alike try to exploit perceived attention gaps to advance their aims.

Among Allies, Hungarian Prime Minister Victor Orban used the pandemic to push through a bill giving him broad emergency powers for an indefinite period of time.<sup>13</sup> And in Poland, the ruling Law and Justice party exploited the crisis to create an uneven playing field for the upcoming Presidential election by banning public events, in effect making campaigning impossible for all except the incumbent.<sup>14</sup>

Turning to adversaries, NATO has seen an uptick in cyberattacks and disinformation during Covid-19.<sup>15</sup> Early in the pandemic, Russian media suggested (falsely) that a British facility created the coronavirus and deliberately planted it in China. Subsequent Russian disinformation attempts blamed the source of the outbreak on U.S. and European elites and its spread on the United States' military, in some cases amplifying lies from Beijing. Seeking to undermine support for NATO, Russia's Twitter army suggested that DEFENDER 2020, a planned NATO exercise that has been scaled back significantly in light of the pandemic, would spread the virus

throughout Europe. Since January, the EU's European External Action Service has logged more than 110 cases of Russian disinformation.<sup>16</sup> The stories aim to exacerbate the crisis by sowing distrust in Western countries' health care systems, leaders, and scientific experts.

Russia is also pushing boundaries on the conventional front. Three times in the week of March 7, Russia flew its T-160 strategic bombers over the Barents, Norwegian, and North Seas and its Tu-142 anti-submarine warfare aircraft from north of the Kola peninsula to south of the Greenland-Iceland-United Kingdom gap.<sup>17</sup> While the Russian jets were met promptly by Norwegian F-16 and F-35 aircraft or British Typhoons assigned to NATO's Quick Reaction Alert, it is clear Russia hoped to take advantage of less-contested airspace in order to probe farther south than in the past. Such maneuvers are an irresponsible and unwelcome distraction at a time when national governments, including Russia's, should be focused on managing the pandemic.

In light of such provocations, it is vital that the United States maintain its presence in Europe, and that NATO continue to reinforce its deterrence and defense posture. The investments enabled by the U.S. European Deterrence Initiative (EDI) – and I would like to thank Congress for its consistent support of this initiative – coupled with complementary investments by NATO and individual Allies, ensure that NATO is ready to deter and defend against the full range of threats.

Equally important is the NATO resilience agenda. NATO's Civil Emergency Protection Cell has conducted resilience assessments on NATO members' civil preparedness to withstand the Covid-19 and similar events. The next step is an update of NATO's baseline requirements for resilience, covering critical sectors such as energy, telecommunications, and supply chain security.<sup>18</sup>

Sustaining this progress will not be easy. Prior to the pandemic, 2020 was on track to be the sixth consecutive year of growth in NATO defense spending. Currently, nine Allies meet the Wales Defense Investment Pledge commitment to "aim to move toward" spending 2 percent of GDP on defense by 2024, and 16 meet goal of spending 20 percent of GDP on procurement.<sup>19</sup>

While NATO members' defense budgets are likely to remain stable in the near term, the economic damage created by Covid-19 will likely create downward pressure on defense spending in the medium-term. Modernization is likely to suffer as well as large procurements, which may face delays or reduced buys. In time, this could encourage more joint procurements or pooling of research and development funds with and among our European Allies and partners.

Finally, a note on China. To some extent, the pandemic has moved Europe closer to the U.S. view on China. While Europeans still do not share the U.S. perception of China as a military threat, they are waking up to the dangers of China's unfair trade practices and anti-democratic policies. More overt disinformation efforts by China to cover up, and then deflect blame for the pandemic, have exposed its authoritarian tactics and raised questions about its motives and trustworthiness. This may have been a consideration in the United Kingdom's recent decision to reduce Huawei's access to the UK market to zero by 2023.<sup>20</sup> In addition to NATO's ongoing discussion on standards for communications and critical infrastructure, the United States and EU

should work together on a transatlantic approach to align standards and rules, for example foreign acquisitions.

Mr. Chairman, in closing I want to leave you with three recommendations:

1. First, I would encourage the United States to join many of its European Allies and partners in a global Covid-19 vaccine effort that would ensure equitable access to a safe and effective vaccine as soon as it becomes available. Participating in this global effort would complement – not replace or compete with – Operation Warp Speed’s aim to immunize and protect the American people. Supporting the joint efforts of Gavi, the Vaccine Alliance, the Coalition for Epidemic Preparedness Innovations (CEPI,) and the World Health Organization is in the interest of the American people, who remain at risk as long as coronavirus is circulating anywhere in the world. The door remains open for the United States to join these international efforts, and it is in our national interest to do so.
2. Second, I would urge you to continue your support for the European Deterrence Initiative (EDI) and for a robust U.S. force presence in Europe. EDI has demonstrated that when the United States leads, NATO follows., NATO’s Enhanced Forward Presence in the Baltic States and Poland, its Tailored Forward Presence in the Black Sea, and improvements to its command structure and readiness targets are testament to this. And U.S. forces forward in Europe are not only for the defense of Europe, but for U.S. power projection globally.
3. Finally, I would recommend the resumption of annual U.S.-EU Summits to set a broad transatlantic agenda as well as regular working group meetings focused on relevant issues. On the latter, U.S.-EU dialogues on health, economic recovery, and China would be particularly timely just now. In fact, Secretary Pompeo recently accepted EU High Representative Borrell’s proposal for a U.S.-EU Dialogue on China.<sup>21</sup> Among other things, this could explore possibilities for greater coordination on foreign ownership and vetting laws; building supply chain resilience; and setting security standards for emerging technologies, communications, and infrastructure.

Thank you for your time and for the honor of joining you today.



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STAFF. Sir, you are muted.

Mr. KEATING. You know, remember in the beginning they said they would keep my unmuting on? But that is not true.

The chair recognizes Dr. Carafano, and I hope he has overcome some of the technical issues that he was dealing with.

Dr. Carafano.

He may not have. We will give him a few minutes just to see if that can be rectified. If not, we will move forward to some questions that we might have.

Let me get through the introductions, and if Dr. Carafano comes in in the next minute or two, we will put him on.

I will recognize members for 5 minutes each, and, pursuant to House rules, all time yielded is for the purposes of questioning our witnesses.

Because of the virtual format of this hearing, I will recognize members of the committee by seniority, not necessarily when they came on, and I will alternate between Democrats and Republicans. If you miss your turn, let our staff know right away, and we will circle back to you.

If you seek recognition, you must unmute your microphone, something that I have learned a couple of times already, and address the chair verbally.

I will now start—quickly, I will see, Dr. Carafano, are you back?

Evidently not. So I will recognize myself for questions.

Prior to COVID-19 affecting both Europe and the U.S., the relationships had frayed, the tensions were greater, even though we had common challenges, particularly from China and from Russia.

I always put into perspective that members of parliament, elected officials in Europe, just like ourselves, have constituencies. They are answerable to those. So it is important to know what is happening with those constituencies. And one of the things that I did notice is, the early polls showed a great unfavorability with the United States. And that clearly would affect members of parliament.

However, recent polls have indicated in the midst of this crisis that people in Europe were asked who would they like to lead efforts dealing with this outside of their own countries, and the majority of those people said the United States. So this is clearly an opportunity for us right now to go back and strengthen this transatlantic relationship at a time of crisis.

I would just like to quickly ask all of our witnesses, where would you start? What would be your top priority to try and launch a U.S. action to try and move down this path? Because it is an opportunity.

I can start with whoever wants to jump in first. We will give the others time.

We have no takers. I will do it in the—I will go to Ambassador Froman.

Mr. FROMAN. Thank you. Thank you, Mr. Chairman.

As you said, I think there are a wide range of opportunities to get things back on track in terms of cooperation. The most urgent right now is dealing with the COVID response and, as some of the others have noted, working together on therapies, diagnostics, and a vaccine, making sure that they are developed and distributed

globally in a way that is equitable, as well, to address that challenge.

I will leave the military and security issues to others on the panel who are more expert in that. I would say, on the economic side, we are going to need to cooperate to make sure the stimulus programs that every country is doing are as coordinated as possible and, when there are challenges to them, that they are not withdrawn in an uncoordinated fashion.

And then, similarly, on the trade side, resolving some of the bilateral disputes we have and finding ways to work together on third-party issues, whether it is with China or with regard to the WTO.

Mr. KEATING. Okay.

Dr. Donfried, do you have any thoughts? Where would you start?

Dr. DONFRIED. Thanks so much.

Just two quick points. One, to buttress your comment that there is an opening, I just want to share some of the findings from this public opinion survey, "Transatlantic Trends,"—because there is a question about which actor is most influential in global affairs. The survey was taken twice, in January, so before the pandemic, and then again in May. In both instances, Europeans and Americans see U.S. influence in the world as most significant. Now, there was a drop in U.S. influence, but it is still dominant.

You see China's influence growing over that period of January to May, but, as I mentioned earlier, Europeans increasingly see China's role as a negative one. So there is an appetite for leadership, and there is an opportunity for the U.S. to step in.

The second point is that, we should do our best to cooperate on the highest-profile issue out there as it relates to COVID-19, which is finding a vaccine. There is nothing that animates us more right now than the pandemic, and, within that, it is a vaccine or successful treatments that would allow us to return to some semblance of our pre-pandemic lives. So, if the United States and Europe can move out together on that, I think it would be a powerful move.

Mr. KEATING. Thank you.

Ms. Ellehuus.

Ms. ELLEHUUS. Thank you.

Not surprisingly, I will echo the three buckets. As you said at the outset, Mr. Chairman, saving lives is the priority. So I would encourage the United States to join its European allies and partners in the development of a global COVID-19 vaccine effort, as well as equitable access to the vaccine for all.

The door certainly remains open. I think as Representative Kinzinger pointed to, there is some great cooperation going on among private-sector companies; we just need that government-to-government cooperation to overlay itself on top and provide some direction and leadership.

I think, fortunately, in terms of military cooperation, both bilaterally and within a NATO context, the U.S. does continue to lead. The European Deterrence Initiative is alive and well, and NATO allies are stepping up to revise the command structure and adapt the alliance to take into consideration things like the growing threat from China and disinformation. So I think we are on a good track there, but we just need to stick together.

Mr. KEATING. Great.

I have been told that Dr. Carafano is back online. He will be recognized for his opening statement. If he wants to incorporate any of the answers to this as part of that, feel free.

Dr. Carafano.

**STATEMENT OF DR. JAMES JAY CARAFANO, VICE PRESIDENT,  
KATHRYN AND SHELBY CULLOM DAVIS INSTITUTE FOR NA-  
TIONAL SECURITY AND FOREIGN POLICY, E.W. RICHARDSON  
FELLOW, THE HERITAGE FOUNDATION**

Dr. CARAFANO. Thank you. I am happy to waive the opening statement and just jump into the conversation. I apologize for the technical difficulties, but I have figured out a workaround.

What I would have said in my opening statement is, all of this is in the context of the great-power competition. COVID did not stop that. In some ways, it has accelerated it. And the number-one priority for the transatlantic community to thrive in this environment is restarting our economic engine.

So I would put anything to do with transatlantic partnership and economic recovery as absolutely the priority. Everything else, I think, is just really smokescreen if we cannot get our economy up and running again.

I think a great place to start is the Three Seas Initiative. It involves a number of very important European partners. The United States has already committed to that. It has committed to that in a constructive way by bringing in the Blue Dot Network as a standard for international investment.

I think the U.S. could double down on the investment we are already making. I think it could expand it to areas outside of energy cooperation. I think that would be a very powerful and important way to jump in, in a way that is already established. This is already taking off and running. The next conference is in October.

Second, behind that, as quickly as we seal a U.S.-U.K.FTA, I think that is an important step in building economic—and then the other thing, I really think that a digital free-trade agreement, e-commerce agreement, is achievable and really important in opening up U.S.-European economic innovation and creativity.

I think the Europeans were wrong to press the United States to enter a pact to increase taxes on Big Tech. I think the U.S. was right to lead the OECD negotiations. I think in the USMCA agreement and in the U.S.-Japan Digital Trade Agreement we have a good framework for what a good deal would look like, and I think it is time for the U.S. to really move out and press—take the momentum and press for an initiative on that front.

Thanks.

[The prepared statement of Dr. Carafano follows:]

Dr. James Jay Carafano,  
Vice President, Foreign and Defense Policy, Director, Kathryn and Shelby Cullom Davis  
Institute for International Studies; E.W. Richardson Fellow  
The Heritage Foundation  
July 16, 2020  
Statement of  
Dr. James Jay Carafano  
Vice President, The Heritage Foundation and E.W. Richardson Fellow  
Before the Subcommittee on Europe, Eurasia, Energy, and the Environment, Committee on Foreign  
Affairs, U.S. House of Representatives

“The Importance and Future of Transatlantic Relations in the Time of COVID and After”

Mr. Chairman and other distinguished Members, I am honored to testify before you today on this vital subject. My name is Dr. James Jay Carafano. I am the Vice President for Foreign Policy and Defense Studies, the Director of the Kathryn and Shelby Cullom Davis Institute for National Security and Foreign Policy, and the E.W. Richardson Fellow at The Heritage Foundation, a nonpartisan research institution. The views I express in this testimony are my own, and should not be construed as representing any official position of The Heritage Foundation.<sup>1</sup>

In my testimony, I would like, in particular, to highlight: (1) why a robust transatlantic community remains a vital interest for the United States; (2) the necessity for transatlantic cooperation in post-COVID economic recovery; (3) the continued importance of U.S. military forward presence; (4) the necessity for greater cooperation on dealing with the destabilizing activities of the Chinese Communist Party; and (5) the need for greater cooperation in managing international organizations.

My responsibilities at The Heritage Foundation comprise supervising all of the foundation’s research on public policy concerning foreign policy, defense, intelligence, and national security. Heritage has assembled a robust, talented, and dedicated research team. I have the honor and privilege of leading that team. Heritage analysts have studied and written authoritatively on virtually every aspect of the challenges of foreign policy and national security that affect the transatlantic community. The results of all our research are publicly available on the Heritage website at [www.heritage.org](http://www.heritage.org). Of

particular note, and relevance here, are The Heritage Foundation's *Index of U.S. Military Strength*, which includes a comprehensive review of contemporary European security issues, and The Heritage Foundation's *Index of Economic Freedom*, which grades every nation in the world on its level of economic freedom (the pre-COVID trends in Europe are especially instructive).

We also collaborate frequently with the Washington research community, including such institutions as the American Foreign Policy Center, the Hudson Institute, the Foundation for Defense of Democracy, the Jamestown Foundation, the Center for European Policy Analysis, the Atlantic Council, the German Marshall Fund, and the Center for International Private Enterprise, all of whom have done substantive and important work on regional issues. In addition, we routinely engage with European research institutions, including Poland's Warsaw Enterprise Institute, the Warsaw Security Forum, the Polish Institute of International Affairs, Lithuania's Free Market Economic Institute, Switzerland's Avenir Suisse, the United Kingdom's Institute for Economic Affairs, the Aspen Institute Germany, and the Munich Security Forum.

Prior to COVID, I and our research team, also widely traveled in the region, participated in regional and international conferences on the spectrum of vital transatlantic issues. In addition to our regional work, we have substantial expertise on defense issues. I served 25 years in the U.S. Army, including two tours with NATO forces. Our team also includes senior retired officers from each of the armed services with well over a century of operational and combat experience, a good deal of it in the European theater.

I am particularly proud of The Heritage Foundation's long and substantive record of research on transatlantic issues. Last year, we published a comprehensive blueprint on future transatlantic relations.<sup>1</sup> Recently, we drafted comprehensive recommendations on a transatlantic partnership for post-COVID economic recovery.<sup>2</sup> Our effort reflects the foundation's commitment to advancing public policies that keep America free, safe, and prosperous. Strong transatlantic relations are vital to meeting

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<sup>1</sup>James Jay Carafano et al., "How and Why American Conservatives Must Fight for the Future of the Transatlantic Community," Heritage Foundation *Special Report* No. 217, November 7, 2019, <https://www.heritage.org/europe/report/how-and-why-american-conservatives-must-fight-the-future-the-transatlantic-community>.

<sup>2</sup>James Jay Carafano et al., "The U.S.–European Economic Partnership Recovery Plan," Heritage Foundation *Special Report* No. 230, May 8, 2020, <https://www.heritage.org/europe/report/the-us-european-economic-partnership-recovery-plan>.

these aspirations.<sup>2</sup>

### **Why Europe Matters**

Great power competition is more than just a bumper sticker. This framework accurately enough describes the geo-political struggle going on in the world today. States trying to expand their spheres of influence bump into the interests of other states. Those confrontations create friction and conflict threatening to undermine global institutions, destabilize regional blocs, and hazard global peace.

From the U.S. perspective, how we thrive amongst our rivals remains a challenge. America is a global power with global interests and responsibilities. Ignoring the competitive pressures from others is not an option. In particular, there are three parts of the world that are crucial to the U.S.—Europe, the Greater Middle East, and the Indo-Pacific. They connect America to the rest of the world. In addition, the great “global commons” that traverse our planet (sea, air, space, and cyberspace) are anchored in these lands. In short, regional peace and stability in Europe, the Middle East, and Asia is vitally important to the United States. These parts of the world either facilitate American persistent presence or provide the means to get to the places Americans need to go to protect U.S. vital interests. All of them are equally important. For the U.S. to remain a global power American interests in Europe cannot be allowed to take a backseat to any part of the world. That should be non-negotiable in American strategy and policy.

Further, in the transatlantic community values, interests, and strategy align. The dividing line between the free and the not-free world is only going to become starker. The transatlantic community shares a commitment to freely elected governments, free enterprise, and human rights. They will have to bind themselves more closely together in their own self-interests. Countries that do not necessarily share all these values, but seek the umbrella of security that the free world can offer, will join their side as well. The upshot, in the future, is that the U.S. will have more security partners, economic and diplomatic

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partners—not fewer. The transatlantic community will be a foundation of the free world in the world in which we live.

#### **Partnership in Economic Recovery of the Free World**

There is no greater priority than for the transatlantic community to lead in the post-COVID economic recovery of the free world. The Heritage Foundation organized an independent, nonpartisan national commission to advise on the challenge on national COVID recovery.<sup>4</sup> The commission published a five-phase plan, where the last phase called for “U.S. leadership in leading the free world in economic recovery”—a clear recognition that America’s recovery cannot be accomplished solely within the confines of our borders.

International cooperation with Europe ranks second only to the U.S.–Canada–Mexico partnership as an imperative for joint cooperation.<sup>5</sup> Europe is home to some of our most important trade, military, and diplomatic partners—and I am not talking about just the more influential nations like Germany. Smaller countries from the former Soviet states in Eastern Europe make outsized contributions and are valuable strategic partners. Europe, like the United States, has been battered by the virus. We need each other.

To accomplish this goal we need a model for partnership based on the principles of invest, enable, and empower.

**1. Invest.** The United States ought to be looking for opportunities to invest and encourage private-sector investment that will advance strategic objectives, promote growth, and bring a return on commercial investments. The U.S.-supported Blue Dot Network offers a good framework for identifying the right opportunities for development finance. One great example of the kinds of strategic investments the United

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<sup>4</sup>See The National Coronavirus Recovery Commission, *Saving Lives and Livelihoods: Recommendations for Recovery*, June 15, 2020, [http://thf\\_media.s3.amazonaws.com/2020/NCRC\\_FINAL.pdf](http://thf_media.s3.amazonaws.com/2020/NCRC_FINAL.pdf).

<sup>5</sup>This section of testimony was adopted from James Jay Carafano, “Trump’s New Marshall Plan,” *The National Interest*, May 2, 2020, <https://nationalinterest.org/feature/trump%E2%80%99s-new-marshall-plan-149966>.



States should look for is the Three Seas Initiative, a cooperative effort to build infrastructure in Central Europe that would yield important strategic and economic benefits to all parties involved.

**2. Enable.** Here, for example, the United States should act to restore and expand trade and investment flows. One way to jump-start this process would be to eliminate tariffs on intermediate goods (i.e., those goods used by manufacturers to produce other goods). The United States should also aggressively pursue mutually beneficial trade deals such as a U.S.–U.K. agreement and a digital trade treaty with the European Union.

**3. Empower.** The United States should lead in creating new opportunities and free-market solutions to unleash innovation and productivity with our free world partners and protect them from malicious practices by China and others. Washington, for example, should work with like-minded partners to counter China’s growing influence through coordination of investment and export-control regimes. Another example: The United States can promote credible, free-market alternatives to Huawei’s efforts to the European 5G market. The dominance of the Chinese telecommunications giant raises both economic and grave national security risks. Promoting alternatives could help fuel a recovery while eliminating a security threat.

#### **Strategic Defense of the Transatlantic Community**

The U.S. military footprint in Europe is crucial to protecting U.S. vital interests. In addition to supporting the defense of the transatlantic community, Europe serves as a power-projection platform from which the U.S. can deploy, support, and sustain forces for operations in other critical theaters. According to the nonpartisan analysis in The Heritage Foundation’s *Index of U.S. Military Strength*, the United States has improved the security balance in Europe over the past four years including not only the presence of U.S. forces, but also investments through the European Deterrence Initiative, support for the Defender Europe 20 exercise, and pressing NATO partners to increase their contributions.

Nevertheless, the current U.S. footprint, according to the *Index of Military Strength*, is inadequate to fully protect U.S. interests. In addition to a greater capacity to ensure the forward defense of NATO, the U.S. needs greater ability to reinforce and sustain forces in theater, as well as more air and missile defense capabilities. Additionally, working with NATO partners, the Alliance needs a strong presence in the Black Sea, the Baltic Sea, and the Arctic.

As a result, any initiatives to reposition, adjust, or remove forces from theater must be looked at with great care. Any efforts to change the U.S. footprint must contribute to enhancing NATO's conventional deterrence posture and expanding the Alliance's capacity to operate on its Northern and Southern flanks.<sup>6</sup> Congress should not support anything less.

### **The Challenge of China**

The vast majority of the world is, and will remain for the foreseeable future, divided into three camps: (1) the free world, resilient against Chinese meddling; (2) the balancers, nations that recognize the key to their prosperity and security is engaging with both the United States and China, protecting their independence and minimizing the likelihood that they will become theaters of competition between great powers; and (3) contested space, where the U.S., China, and others compete for influence across the spectrum of economic, political, security, and information spheres.<sup>7</sup>

The transatlantic community needs to be solidly in the first camp. No strategic partnership is more important to the free world than the transatlantic community. The U.S. is not going to give up on this partnership. Neither should Europe. If Europeans want to keep their freedoms, they cannot be neutral observers in the competition between the U.S. and China. Even Switzerland cannot be Switzerland

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<sup>6</sup>For recommendations see, James Jay Carafano et al. "Reducing U.S. Troops in Europe Would Harm America's National Interests," Heritage Foundation *Issue Brief* No. 5083, June 8, 2020.

<https://www.heritage.org/defense/report/reducing-us-troops-europe-would-harm-americas-national-interests>.

<sup>7</sup> This portion of testimony is adapted from James Jay Carafano, "The Great US-China Divorce Has Arrived," *The National Interest*, April 20, 2020, <https://nationalinterest.org/feature/great-us-china-divorce-has-arrived-146177>.

anymore. Post-COVID, expect renewed investments in the transatlantic community, not just to restart our joint economic engine, but to marginalize the malicious influences of China.

In addition to renewed economic cooperation, the transatlantic community needs to get its security partnership regarding China right. NATO is the only instrument with the capacity and capabilities to defend the core interests of the community. No collection of European nations or security framework could possibly do the job. While China does not represent an existential threat to NATO, Chinese activities could serve to undermine the political coherence and operational capabilities of the alliance. Thus, the NATO nations must work together to ensure Chinese malicious activities cannot undermine NATO in the Alliance's area of operations.<sup>8</sup> A good place to start these discussions would be with threat assessments. NATO commanders need to roll up their sleeves and hash out a rigorous assessment of the Chinese threat—one that all parties can agree on.

#### **International Organizations—The New Battleground of Freedom**

The reality is that international organizations have become less a place where global norms are established for the benefit of all and more a place of competition in the great power struggle. If free nations do not act together, these organizations could well become places that undermine their interests rather than instruments for the greater good.<sup>9</sup>

China is the greatest threat to the future of beneficial international organizations, albeit only the most aggressive and notable abuser. The Chinese Communist Party has a deliberate strategy of placing individuals who are answerable to the party in high posts at international organizations. Chinese nationals are already in charge of four of the U.N.'s key fifteen specialized agencies. Recently one of them, Houlin

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<sup>8</sup>See also James Jay Carafano, "NATO's China Problem," *The Hill*, August 8, 2019, <https://thehill.com/opinion/international/456699-natos-china-problem>.

<sup>9</sup>This section of testimony adapted from James Jay Carafano et al., "International Organizations are the Devil's Playground of Great Power Competition," *The National Interest*, May 15, 2020, <https://nationalinterest.org/feature/international-organizations-are-devil%E2%80%99s-play-ground-great-power-competition-154706>.

Zhao, secretary-general of the International Telecommunication Union, declared that opposition to Huawei, the Chinese telecom company, was “political.” In reality, the company has raised significant national security concerns. Zhao’s outrageous comments are just outrageous—and they are not a one off. Chinese influence on the World Health Organization in the response to the COVID outbreak has raised real and troubling concerns.

An effective U.S. strategy for international organizations should be a hybrid—a combination of withdraw, reform, or replace—which every step is required to get the kinds of institutions we need to further beneficial outcomes, rather than undermine them. These three tactics all share one thing in common: The more broadly they are supported by the free world, the better the outcomes they will produce. This means we must line up in support, in advance, among nations that respect human dignity, enterprise, and liberty. The European Union and the nations of Europe have to be among our most important partners in this endeavor.

How do we do that? By investing more smartly in better governance, security, and economic freedom, including better instruments of public diplomacy. Further, the United States has to lead the free world in economic recovery. We need strong, confident partners to take on the challenge of illiberalism. If free countries align and act together, they can lead international organizations toward desired outcomes. Of course, this also requires that these nations approach the organizations with clear-eyed realism rather than a starry-eyed vision of benign global governance—an attractive yet dangerous chimera.

I want to thank the committee for the opportunity to address these important issues in transatlantic cooperation. I look forward to your questions.

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Mr. KEATING. Thank you very much, Doctor.

The chair now recognizes the ranking member, Mr. Kinzinger, for his round of questions.

Mr. KINZINGER. Thank you, Mr. Chairman.

I have to say I am very impressed by Representative Costa's—it looks like he is a benevolent spirit floating around a beautiful canyon. So it has put me in a great mood.

So, anyway, thank you guys for all being here, as I mentioned.

Dr. Carafano, I have three questions for you and then one for Mr. Froman so we can plan our time accordingly.

So, Dr. Carafano, in a post-COVID-19 era, how do you perceive the Three Seas Initiative helping to reboot the economic recovery of Central Europe?

And, also, could you briefly touch on, you know, what role—how do we get Europe to push back against the temptation of accepting the, quote/unquote, “free money” that will come from China in the recovery process?

Dr. CARAFANO. Thank you.

So the Three Seas Initiative is really about building north-south infrastructure, which I think is enormously attractive not just to the Central Europeans and to the Baltic States and to Southern Europe but should be attractive to all of Europe, because that is potentially a new engine of economic activity that really is going to benefit all of Europe.

I think all of Europe recognizes that. There are obviously trillions of dollars of investment in infrastructure that is needed. And I think the private sector is looking for places to invest where there is money on a return on investment. And I think the bulk of this will be done with private-sector money.

And I think the private sector is willing to step in. It is looking for the commitment from European partners that they are going to green-light these projects. It is looking for confidence from the United States that the United States sees that it is an investment worthwhile, that the European Union sees that it is an investment worthwhile.

It has not just the added benefit of new economic opportunity for all of Europe, but it creates new avenues for energy security for Western Europe which will greatly enhance the stability and security of Western Europe—

Mr. KINZINGER. Can I—

Dr. CARAFANO. Yes.

Mr. KINZINGER. I am going to interrupt you real quick and say, when we are talking about energy issues, can you talk also about the Nord Stream 2 pipeline, and how important are additional sanctions for that, to stop that?

Dr. CARAFANO. Well, I think Nord Stream 2 just undermines all of this. Nord Stream 2, by essentially creating a workaround, would really kind of destroy the incentives for all these projects.

And we have seen some real successful initiatives recently. So, for example, the Croatia LNG ports, going forward, they have sold every cubic foot of natural gas for the next 3 years. That is a small but important step, and there is growth capacity there.

And so there is lots of interest in looking for these projects, and I think what Nord Stream 2 does is it undermines the economic

case for all of this. These are projects that are very doable. They carry very little political risk, and they bring enormous benefits.

And I think that is the third pillar, which is, you know, we do not think of Three Seas as a military project, as a strategic initiative, but, from a practical perspective, you are strengthening the frontier of NATO. You are creating north-south infrastructure which is completely dual-use, and you are making that part of Europe more resilient against Russian pressure.

So it literally is the lowest-hanging fruit. And, to me, the great advantage is, it is an investment to the United States. We are not lending money. We are investing money. And we will probably make a very decent rate of return on that.

Mr. KINZINGER. Thank you, sir.

Mr. Froman, let me ask you, how has the pandemic and the resulting economic fallout affected the U.S.-U.K. and U.S.-EU trade negotiations? What do we need to be aware of?

Mr. FROMAN. Well, I think, just practically, it has slowed down any engagement with either, just because everyone is preoccupied in other ways.

I do think there is potential to get both back on track in the near future and that, with the U.K., there is great potential, as I mentioned, to explore new rules around digital economy, around new technologies with a like-minded partner that could set a standard, building on USMCA and elsewhere to take that forward.

With the EU, there are some traditional issues of dispute that we have, particularly over agriculture, which are no easier now than they were several years ago to resolve. I see Congressman Costa laughing; he knows them well.

But I think there, too, the dialog has evolved so that, while a big, comprehensive free-trade agreement that has been pursued in the past may not appear possible at the moment, it could be possible to work together on things like e-commerce, on digital economy.

And I do believe, I am optimistic that there are ways of squaring the circle between protecting privacy, which has been an issue between the U.S. and the EU in the past, and allowing for the free flow of data across borders, which creates so much value and innovation for the technology communities and for consumers, very importantly, most importantly, on both sides of the Atlantic.

Mr. KINZINGER. Great. Thank you.

Mr. Chairman, I will yield back. I appreciate you and all the witnesses.

Mr. KEATING. Yes. Thank you.

The chair recognizes Mr. Meeks of New York.

Mr. MEEKS. Thank you, Chairman Keating. It is fantastic. You have some great witnesses here.

And I thank each and every one of you for your testimony.

Let me start with Mr. Froman, you know, because I know we have had conversations before, and I do agree when you say that public-private partnerships are critical to addressing major economic and social challenges. And, you know, I just had a conversation with someone on another committee in that regard and seen it work.

But my question to you is, what do you see as potential barriers to strengthening the transatlantic private and public partnerships

as the United States and Europe allies seek to stimulate growth in the aftermath of COVID-19 and to maximize both taxpayer dollars and yet leverage the expertise provided by industries like yours?

Mr. FROMAN. Thank you, Congressman.

You know, I think, as you note, a lot of these issues that we are dealing with on both sides of the Atlantic we are only going to solve if we bring the private sector to the table. Government support is important, philanthropic support is important, but unless we can really mobilize the ingenuity, the resources of the private sector, it is very hard to address a lot of these issues successfully.

I think one of the great obstacles, to answer your question, is a lack of trust—a lack of trust on both sides of the Atlantic. There is a lot of concern in Europe that American companies are going to come in and buy up some of their crown jewels or play a dominant role in their economy. And I think we have to find ways of bridging that distrust so that we can cooperate with each other.

Cooperation among the private sector generally works pretty well. You know, we know how to do that with each other. But where we can reassure governments that we are there to be a partner and a problem-solver on the issues that they care about most.

And I will just use one example from our own experience. In the context of COVID, we worked not only the U.S. Government through Direct Express Program of the Treasury Department but with governments all over the world to help them make social disbursements to individuals and small business to get through this crisis.

And the more that we can demonstrate to them that we are willing and able to bring our technology and our products and services and expertise to the table to help them on their issues, I think the more success we will have in building the trust necessary for true public-private partnerships.

Mr. MEEKS. Thank you for that.

And, you know, one of the frustrations I have, as a Member of Congress, as the President pulls us out of all these multilateral organizations, the latest being the World Health Organization, is, what do we do, what do I do, as a Member of Congress, to make a difference?

And, Dr. Donfried, you had talked about—and I think Ms. Ellehuus also—about the resumption of annual United States-EU summits and other summits that may bring parliamentarians and parliamentarians together.

And what role do you think that these summits play? And do they fill a gap? Are they significant and important for us to have these conversations and

[inaudible] The significance and where the U.S. Congress stands as it pertains to these multilateral organizations?

Dr. DONFRIED. I am happy to jump in. It was Rachel who mentioned resuming those annual U.S.-EU summits, so I will certainly have her speak to that, but I do think the more contact there is, the better.

I want to pick up on something that Mike just said about trust. Because when we think about alliances, I always ask, how do you define an alliance? First, the countries in an alliance share values. That is certainly true with the U.S. and Europe. We also share in-



terests. And we trust each other. I do think that there has been a big wrecking ball that has affected trust negatively in the transatlantic relationship over recent years.

We have to start rebuilding that trust, whether through annual U.S.-EU summits or through stepped-up engagement between the U.S. Congress and European parliamentarians, both the European Parliament in Brussels and national parliament.

Because we share interests and values, we can coordinate policy on all of the areas the witnesses have spoken about, and I really would encourage increased parliamentary dialog.

Thank you, Congressman.

Ms. ELLEHUUS. Karen, I am happy to pick up on the idea of U.S.-EU summits. We used to do these annually. And then there were a number of working groups that were subject-specific and really just linked to whatever was timely. So, in these days, it would probably be the things we have discussed today, like the pandemic; healthcare; generally speaking, economic recovery and how to work together in pushing back against China.

I think, though, the one thing we have to see in a bigger context, though, is that the U.S.'s withdrawal from some of the multinational treaties, like INF and JCPOA and Open Skies, are not necessarily a problem in and of themselves. There are a number of European allies who also view these treaties and agreements as imperfect. But where I would really differ with the approach that has been taken so far is that the answer is to walk away.

I would like to see more open letters, whether it is on the WHO or it is on arms control, between the U.S. and EU allies. Maybe not the whole European Union, but it could be contingents of like-minded allies, possibly bringing in Australia and Japan. Making statements on things where we share a common concern, and talk about how we fix these agreements rather than tearing them down.

It is much harder to build something from scratch and to get everybody on board again, much easier to tweak it at the margins and update it and adapt it to today's problems.

Mr. MEEKS. Thank you.

I am out of time. I yield back.

Mr. KEATING. Thank you.

The chair recognizes Representative Wagner from Missouri.

Mrs. WAGNER. Thank you, Mr. Chairman, for hosting this hearing.

And thanks to all of our distinguished witnesses.

I would like to especially welcome Ambassador Froman, vice chairman of Mastercard, who employs 3,200 of my constituents and has proven to be a real ally in the fight to end human trafficking.

So I thank you so very much for that and many other things.

The U.S.-European relationship has long been a source of stability, and I am confident that cooperation between the United States and its partners across the Atlantic will improve our ability to respond to complex global health crises going forward.

Dr. Carafano, how effectively are our European partners pushing back on the Chinese Communist Party's propaganda campaign and sharing the truth of the CCP's egregious mishandling of the coronavirus outbreak? Do you anticipate that European countries

will be more willing to oppose Chinese predatory investment practices and push to control international organizations?

Dr. CARAFANO. Well, thank you for that question.

I think the trend line is positive for a stronger European coordinated response on China. And I think this gets to the larger narrative. I mean, we seem to have created a scenario that the challenges in the transatlantic relationship are really about this administration. I think doing that is a mistake, because the reality is, the issues are far deeper. They have been developing for some time. Many of them have to do with European perceptions of their external environment, including different European views on Russia and very, very diversified European views on China.

What we have seen in the last 4 years, though, is, despite the fact that transatlantic relations have been actually quite contentious and the relationship with China is maybe the defining challenge of Europeans, the trend is that Europeans are moving more toward a position that looks more like the United States: I mean, if you look at, for example, the shift in the U.K. on Huawei investments; Central European countries are much more skeptical of the Europeans.

Now, I am not being Pollyannaish about this, that there is a unified European perspective on China. There isn't. That actually is one of the greatest challenges to Europe, not just to the transatlantic relationship.

But I think bringing transparency to Chinese activity—and I think COVID has been an example where many, many players in the NGO field and countries have done that, and that has helped move it in the right direction.

I think transparency is the key weapon of the free world. The more we explain what the Chinese Communist Party is doing, the more countries will make better choices in terms of developing a position—

Mrs. WAGNER. Thank you.

Mr. CARAFANO [continuing]. That looks more unified across the free world.

Mrs. WAGNER. Thank you.

Ambassador Froman, I am glad that you mentioned efforts to reform the World Trade Organization as a potential area for increased transatlantic cooperation.

How might the United States and European countries work together to ensure the rules governing trade reflect the rapidly evolving global economy?

Mr. FROMAN. Well, thank you, Congresswoman, and I think, really, the WTO is an example of three things. It is a forum for negotiating agreements; it is a place where countries monitor each other's trade policies, including their subsidy policies; and it is a place for dispute resolution. And right now, all three parts are effectively deadlocked.

I think if the U.S. and the EU came together—and, historically, it has been the U.S. and the EU that have really driven the development of the global trading system—I think we have so many common interests across all three, I think we could move things forward.

Of course, it is an organization of 160 countries. So whether it is China or India or any number of other countries that might stand in the way of consensus and make some of that reform difficult, but we should be prepared, then, to work with each other, like coalitions of the willing, so to speak, to move ahead like like-minded countries and create what we call open plurilateralism, where ourselves and the EU and a few others get together to move things along, and anybody else who is willing to sign on to those rules could join——

Mrs. WAGNER. Thank you.

Mr. FROMAN [continuing]. And that could help——

Mrs. WAGNER. Thank you.

Mr. FROMAN [continuing]. Build the system.

Mrs. WAGNER. Thank you.

Two weeks ago, Estonia hosted a virtual foreign ministers meeting for members of the Three Seas Initiative, a multilateral effort to accelerate economic development and kind of interconnectivity in the strategically critical region between Baltic, the Black, and the Adriatic Seas.

Dr. Donfried, I know I have limited time, but given mounting evidence that Russia is increasingly willing to accept high levels of risk in its campaign to undermine U.S. influence, how should the United States be proactively looking for ways to tighten cooperation with Three Seas Initiative countries like Poland, Hungary, and the Baltic nations in this post-pandemic world, in zero seconds?

Dr. DONFRIED. I think there are lots of opportunities. The Administration has a strong relationship with Poland. We share the same concerns about Russian behavior, and we will continue, I think, in a transatlantic fashion to be deeply engaged in standing up to Russia and being resilient to that threat. Thank you.

Mrs. WAGNER. Thank you.

I appreciate the chair's indulgence, and I yield back, Mr. Chairman.

Mr. KEATING. Thank you.

The chair recognizes Representative Titus from Nevada.

Ms. TITUS. Thank you very much, Mr. Chairman. And thank you to all the witnesses' very eloquent presentations.

You know, we know that the coronavirus is a public health issue. It is also an economic crisis. But it is a crisis of democratic governance, and, unfortunately, we have seen a lot of examples recently of authoritarian governments using the pandemic as an excuse to crack down on their populations and consolidate power. We have seen human rights abuses. We have seen journalists attacked. We have seen a lot of this in Eastern Europe. And I am afraid we are going to be dealing with the impacts of democratic backsliding that has taken place during this virus for many years to come.

I am particularly concerned about Ukraine's backsliding on some of their promised reforms, and I am wondering if all of you could address how we can work with Europe to shore up Ukraine and be sure that it moves toward the west as well as support other, more—you know, some fragile democracies during this time.

Dr. CARAFANO. Well, I will just start with one brief comment. One of the areas where I think the U.S. has really lagged is in public diplomacy, and particularly the work of the Agency for Global

Media. We have new leadership there. It is very controversial, but I would love to see a strong bipartisan effort really looking to see what we can do to make that agency a more powerful and effective tool, particularly in talking with our friends in Western Europe.

Ms. TITUS. Anybody?

Ms. ELLEHUUS. Yes. This is Rachel. Just not to take up your time, I think that the European Union can play a strong role in addressing democratic backsliding, particularly some of the eastern allies that you mentioned, like Poland and Hungary, are major recipients of EU stability funds that help bolster their countries. Maybe making those conditional on progress on some of the democracy and rule of law indicators that you mentioned would help incentivize good behavior.

In terms of shoring up our assistance to Ukraine, I think we could be better at coordinating with other like-minded allies, like Poland, Lithuania, United Kingdom, and the Baltic States, who also invest a significant amount of money there.

Thank you.

Ms. TITUS. Okay.

Dr. DONFRIED. This is Karen. Can you hear me?

Mr. KEATING. Yes.

Ms. TITUS. Uh-huh.

Dr. DONFRIED. Oh, thank you.

Congresswoman, I just wanted to point out the really important work that USAID is doing in that region of Eastern Europe. The German Marshall Fund has a trust called the Black Sea Trust for Regional Cooperation, and we are regranting U.S. aid dollars to civil society actors in Ukraine and other countries that border the Black Sea. The argument is that democracy isn't just about free and fair elections, but it is helping citizens hold government accountable. And for countries that are still coming to terms with a long communist past, building that strong civil society is a critical piece of what we can be doing.

I just want to applaud the work USAID is doing through organizations like GMF and the fact that there has been consistent congressional support for that. I cannot underscore the importance of that enough.

Thank you.

Ms. TITUS. You know, I completely agree with you. I serve on the House Democracy Partnership that works very closely with USAID, and a number of these countries that we tend to think that they are more in underdeveloped countries, but that that is not the case when it comes to building that civil society and that accountability and going after corruption. We think that strong legislatures are the key to a strong government, so what happens between elections is as important as what happens on election day.

I am concerned, though—and I have—I know the chairman—I would like to talk to him more about this—about the recent appointment in the White House to be in charge of the USAID, because I fear that he or she, both, are going to take us in the wrong direction and have a record of statements that are very contrary to what we have expected from USAID.

Mr. KEATING. Great. Any other questions?

Ms. TITUS. I yield back. Thank you, Mr. Chairman.

Mr. KEATING. Thank you, Representative.

The chair recognizes Representative Fitzpatrick from Pennsylvania. If your video is not on, please put it on, Representative, according to the rules.

Mr. FITZPATRICK. Yes, sir. Thank you, Mr. Chairman. Thank you to the panelists for being here today.

And just wanted to have—or get your honest feedback and thoughts, perspectives on the World Health Organization. Obviously, what we are here to talk about today is transatlantic cooperation.

We all know that there have been an incredible amount of loss of life and a loss of wealth as a result of this pandemic. And, you know, if my dates are right, sometime as recently as mid-January, the World Health Organization tweeted out that they believed that there was no human-to-human spread of coronavirus. So the question there becomes: How do we react to this?

You know, I agree with Representative Kinzinger. We have to remain at the table. We need to be seated at the table, for sure. But what is the best response to this as far as a—you know, once we get through this, a sort of after-action report, audit into WHO? How should it impact their funding? How should it impact the way the world views WHO, and the U.S. in particular?

That is to anybody on the panel.

Mr. FROMAN. Congressman, it is Mike Froman here. And I am no expert on the WHO, but let me just say that, as you and Ranking Member Kinzinger said, we have got to remain at the table. And if there is one lesson from one crisis after another—and this is only the latest—it is U.S. engagement, U.S. leadership is absolutely critical to shaping the rules and the institutions that we need to deliver global public goods. And the WHO is one of those. Whether it is through the G7 or the G20 or through our membership in a number of multilateral organizations, other countries look to us to provide both the intellectual and the diplomatic leadership to get things done.

And going—looking ahead, I think figuring out how best to apply that leadership to reengage and to make sure that we are focused on reforming these institutions, updating them, and making sure they have the resources that they need to succeed is going to be a critical function for the U.S.

We have now—we have demonstrated through this crisis that we are all so interconnected and that the welfare of one part of the world very much affects the welfare of the other. We cannot deploy—we cannot pretend that we can put up a wall and keep ourselves away from the pandemic or another transnational threat, and, therefore, it requires U.S. leadership.

Dr. CARAFANO. Jim Carafano. If I could just State briefly, one of the things I highlighted in my written statement is this. Look, international organizations are no longer just about setting international norms in cooperation. They are literally a new battleground in great power competition, and I think we have to be realistic about that, and we have to have a strategy that deals with these malicious influences. So I actually do not think it is sufficient to just say we have to stay at the table.

What we need is a strategy to either get organizations to reform. We have to figure out if we—they do not—if we do not need to be there, we can withdraw. And if we—if it is an essential activity and we cannot get reform, then we have to figure out how to replace them.

I think, in the case of WHO, clearly what we need is a set of concrete expectations about appropriate behaviors that address the failures of the WHO. And we would need to hold participation and money to addressing that list, and I am happy to provide for the record some suggestions for that, if that would be helpful for the committee.

Dr. DONFRIED. I would argue that this is another example where you can see the power of cooperation with Europe. The U.S., if it stays at the table, stays in the WHO, and seeks to reform that institution, will find European allies, who have been very clear that they see a real need for WHO reform as well. So why not use this moment to speak with our European allies about what that reform agenda could look like? Surely we will have more impact the larger the number of allies that we have in the WHO to drive that reform.

We are more powerful when we work together with other like-minded countries. Thank you.

Mr. FITZPATRICK. Thank you.

I just want to close by saying, you know, on the topic, which is the topic of this hearing, transatlantic cooperation, I cannot think of a more important thing for that to center on than WHO reform, because I think we all recognize now that there was very little oversight of WHO, No. 1.

And, No. 2, if people did not realize before, they should realize now how incredibly important the functions of that agency are; that they are responsible for alerting the world to highly contagious pathogens that can cause an immense amount of damage both to human life and to economic growth throughout the world.

So utilizing some kind of international tripwire system, which would be part and parcel to the sentinel surveillance system, or some kind of tripwire that would identify any type of novel outbreak at its source and require reporting, so that other countries can put up their guardrails to whatever—to whatever level they see fit to protect their nations, I think, is going to be incredibly important.

I yield back, Mr. Chairman.

Mr. KEATING. All right. Thank you.

The chair recognizes Vice Chair Spanberger from Virginia.

Ms. SPANBERGER. Thank you very much, Mr. Chairman.

And to all of our witnesses today, thank you so much for being with us. I am grateful for you all bringing your expertise to this committee.

Ms. Ellehuus, I would like to begin with you. As you all know very well, NATO does more to support U.S. interests than many people realize or could imagine. For example, the allied COVID-19 response efforts facilitated the delivery of critical medical supplies and the deployment of medical professionals to the United States. Additionally, the NATO Support and Procurement Agency has supported allies and partners through the COVID-19 relief acquisition

and transport, and NATO members have been able to request and receive PPE through the NATO Logistics Stock Exchange.

Could you elaborate a bit on how NATO has contributed to the COVID-19 response, and particularly how the United States has or has not engaged with that coordinated response, first piece?

And then, second, as we are looking toward the future, when we look at our infection rates, when we look at the potential for additional waves into the future, how could NATO members, including the United States, ensure that we are most effectively responding at home and also best utilizing and strengthening the existing mechanisms that exist within our NATO partnership?

Ms. ELLEHUUS. Thank you. I actually think that NATO is a bright light in terms of U.S. leadership and cooperation. NATO, as I said in my testimony, was very quick to start coordinating donors with countries that needed assistance. Of course, NATO has very few commonly owned capabilities, so it draws on the resources of its member States.

But among the aircraft that were used to transport that equipment was the Strategic Airlift Consortium, which is a grouping of allies who purchase C-130 aircraft and share hours on those flights for exactly these types of situations, emergency transport requirements. So I would like to see a bit more pooling and sharing of resources in the future on these high demand, low-density type of capabilities, like strategic and tactical lift, as well as some intelligence capabilities.

NATO has also played a great role in terms of resilience. Their Civil Emergency Protection Cell has done resilience assessments of all the NATO allies. So they look at how well or poorly they were prepared to withstand COVID-19 and similar crises in the future, whether manmade or natural. And the next step would be for NATO to update their baseline requirements on resilience, so things like energy, telecommunications, supply chain security. What do we need to make all of those things more resilient? And I do think that, in the future, part of that answer are these political discussions going on at NATO about the baseline requirements with regard to China in all of those areas.

And the final area where I think there is progress for NATO to be even better prepared in the future would be some consideration of stockpiling. We do not want to spend all the alliance's resources on preparing for eventualities that might not come to pass, but if it is something—even if it is low likelihood but high consequence, NATO should consider that in its defense planning and resourcing decisions.

Thank you.

Ms. SPANBERGER. Thank you very much.

Ambassador Froman, a followup question very much related to that one. There appears to be a fair amount of potential for improvement about how it is that we can optimize our medical supply chain and the security of that supply chain to ensure that for future waves we do not have the same challenges that we faced as it related to nasopharyngeal swabs or reagents or PPE.

Could you discuss how the United States and our European partners could work together to diversify our medical supply chains to

improve our own health and resiliency and also serve the potential goal of reducing dependence on countries like China?

Mr. FROMAN. Thank you, Congresswoman. You know, I think companies have been looking at their supply chains now for some time. For a while, it was because costs in China were already going up on their own 20 percent a year. And then due to the trade tensions with China, there was a concern about being overly reliant on suppliers coming from that market.

Now COVID, of course, has underscored the importance of looking at supply chains and looking at it from an operational risk perspective. Can we afford from a risk perspective to be so dependent on one country or to be so dependent on supply chains that are so extended around the world? And that has led companies to move supply—either to diversify supply chains in the region, move them closer to home, or, in fact, move some of the production back to home, and in each case it will be somewhat different.

Where there are critical supplies, then we do need to look at what needs—what can we—what do we absolutely need to have produced in our country and what can we rely on trade and exports from allies nearby? And I think that is the key question that we are going to have to work our way through.

There is always a risk of fighting the last battle, which is, let's look at nasal swabs, when the next battle may not have anything to do with a pandemic or nasal swabs or tests. We just need to look more generally at the resilience of our supply chains, the diversification, and then where there is an absolute strategic priority, whether it needs to be domestically.

Ms. SPANBERGER. Thank you very much.

Mr. Chairman, thank you for letting me go over. I yield back.

Mr. KEATING. Thank you very much.

And that goes, Ambassador Froman, for intermediate products in the supply chain as well, which are critical.

The chair recognizes Representative Burchett from Tennessee.

Mr. BURCHETT. Thank you, Mr. Chairman. And just for the record, I hate following Ms. Spanberger. That is why nobody wanted to follow Jimi Hendrix at Woodstock, because her grasp and knowledge of these topics are—surpass my 6 years of undergraduate studies at the university. So I am always—I always like hearing from her, especially with her perspective and her background. That is an all—

Mr. KEATING. Well, you could be the Leon Russell representative.

Mr. BURCHETT. Yes. I play at 6:30 in the morning. Everybody would cuss me.

Hey, I appreciate you all being here. And, Mr. Chairman, again, excellent, excellent panel, once again. I hate having to say that to you every time, but, dadgummit, it is the truth.

I am concerned about Beijing's mishandling of the COVID-19, the CCP subsequent disinformation campaign. And how can the U.S. stress to its European allies and partners the need to take the threat from Beijing more seriously. You know, I was glad the UK did not get in—on the Huawei with their 5G, and they got off that. And so I will just ask, and I quit. Any of you all can jump in.

Dr. DONFRIED. I am happy to jump in. I think that is a critical area for transatlantic cooperation, and I do believe that there has



been a real sea change in European attitudes toward China over the past year and a half. You see it in some of the official statements that have come out and you see it in terms of specific policy changes.

Europeans, both because of the extent to which China has been buying up strategic investments across Europe, and because of what China is doing on the human rights front, whether it is their treatment of the Uighurs in Xinjiang, or what is happening with Hong Kong, Europeans do understand the threat posed by China. Now the question is how we, Americans and Europeans, can try to, if not have a common policy, coordinate much more effectively our policies.

You see, just today, National Security Advisor O'Brien is in Europe meeting with his French, German, British, and Italian counterparts on China. We saw Secretary of State Pompeo accept an offer from his European counterpart to have a U.S.-EU dialog on China. We do see that exchange is growing.

And I think one of the areas you mentioned, disinformation, is a terrific example of an area where Americans and Europeans have exactly the same assessment of the extent to which we are seeing Chinese disinformation throughout our societies, both trying to deepen the divisions in our societies and even affect elections. I think these are vital areas for the U.S. and Europe to cooperate on in standing up to China.

Thank you.

Dr. CARAFANO. I think this was really important that we get it right in terms of the NATO context. I think NATO's primary interest in dealing with China has to be China's capacity to interfere in NATO's ability to defend its area of operations. And so there really needs to be a robust dialog across NATO and understanding what the Chinese can do to undermine NATO's ability to do its mission and have a specific plan to deal with that. It is not really about dialog with China. It is how do we minimize the threats that China may pose—destabilizing threats in this area of responsibility.

I think one great initiative would be great to see a NATO center of excellence that looks at some of the aspects of Chinese competition, including disinformation and economic activity. I think that would be really useful for NATO.

Ms. ELLEHUUS. Hi there. I would just like to add a point on our approach to Europeans now that they are moving closer to our position. I think, you know, if you go back 3 or 4 years, you see that the U.S. was equally trying to have a good economic relationship with China and look aside against some of the security interests.

I think we can really influence EU legislation on foreign direct investments. They are already standing up the process, very similar to our CFIUS vetting. I think shining a light on the disinformation is important.

Increasingly, what we have seen in this COVID crisis is China taking a page from the Russian playbook in terms of how they execute disinformation. Before, it was about image improvement for China. Increasingly, it is about undermining Western democracies. And so we can work with European countries to compare notes and tailor our response accordingly.

Thank you.

Mr. KEATING. Okay. With the time expiring and no followup, I will recognize Representative Cicilline of Rhode Island.

Mr. CICILLINE. Thank you, Chairman Keating and Ranking Member Kinzinger for this very informative hearing. And thank you to our witnesses for sharing your expertise.

I would like to first—I know all of our witnesses have spoken about the importance of the U.S. playing a leadership role in the development of a vaccine, but I want to ask at the beginning: How does the coordination between the United States and our European partners in this current pandemic differ from the previous relationships and responses from other serious health outbreaks; Ebola, H1N1? You know, how would you sort of access the way the U.S. has responded to COVID-19 compared to those other instances?

Ambassador Froman, maybe you want to start.

Dr. CARAFANO. Yes.

Mr. FROMAN. I am sorry. Go ahead. Go ahead.

Dr. CARAFANO. I think what is really key here is what has made this so impressive is the economic impact. This is the first global health

[inaudible] Which we have actually seen have wide-scale economic impact at the same time.

So, you know, we had things like the Asian meltdown and the Mexican economic meltdown, but having this economic crisis and the—at the same time, that has been unprecedented. So I think where we look at in terms of the U.S.-European cooperation is that we cannot look at just we have to make better health policy together; let's make a better economic policy together. We have to make a better resilient policy together, which means we have to be able to deal with these complicated factors simultaneously, and many of them have an EU competency.

So the reality is U.S.-EU cooperation simply has to be more constructive and productive if we are going to deal with this in the future.

Sorry, Michael.

Mr. FROMAN. Absolutely. And I agree with all of that. I would say that what has been interesting here has been the role that the private sector, philanthropies, and nongovernmental or quasi-governmental organizations have played here. And the way the Gates Foundation, Wellcome, ourselves, the U.K. Government, a number of philanthropists, Gavi, The Global Fund have all been working to try and—CEPI—to find solutions here has been absolutely—absolutely critical.

And I think, again, we have to look at—if we look forward, investing in, as James said, in resilience, investing in health systems, making sure that these countries around the world have the capability of dealing with these issues, including in the U.S., but also in other countries around the world.

The economic piece of this is absolutely critical. And here is where the cooperation should be self-evident, whether it is, again, through the G7, the G20, through the IMF and the World Bank, the institutions that we have created together with the EU to help manage international crises like this one.

Right now, we are sort of engaging in parallel play, and central banks are doing their own thing. National governments are doing their own thing. It is going to become increasingly important that we have a coordinated response to ensure that as people come back to work, as we return to—as we contain and stabilize and some degree of normalcy and back to growth, that we have got a coordinated approach, and the U.S. and the EU is a good place to start.

Mr. CICILLINE. Thank you.

Ms. Donfried, I wonder if you could speak some about the disinformation campaigns and how it has affected both the U.S. and European COVID response plans, and I am, you know, particularly interested in the role of China in both engaging in and really actively spreading disinformation, and how we might be working better with our U.S.—European partners to respond to disinformation related to COVID-19, what we should be doing with our social media platforms in partnership with the European Union. But we have seen examples in this country of widespread dissemination of misinformation that is likely causing the death of Americans and obviously people around the world, and it seems to me this is a place of a real opportunity to partner closely with our allies. I would love to know your thoughts on that.

Dr. DONFRIED. Thank you so much for the question. I want to give a shout-out to some of my colleagues with GMF's Alliance for Securing Democracy, who have been looking very closely at the disinformation space. They literally track the messaging that is coming from Chinese and Russian State-backed media, and recently have added Iran to that mix as well.

The fascinating thing is that you see these State actors not only spreading misinformation. There is some of that, and that is deeply disturbing, but they are also trying to deepen the fault lines in the U.S., for example, between people who believe in vaccinations and anti-vaxxers. They are trying to deepen those divides within the country and are very skillfully using disinformation to do that.

I think the first thing is to understand what these actors are doing and shine a spotlight on it, because transparency is a good reaction to it. But then we also need to think about how we defend ourselves better against it, and I am happy to share with you some of the policy recommendations we have proposed.

We also believe that this is an area where the U.S. and Europe can work very effectively together, because our European allies see the same thing and are concerned about it. We have seen the European Parliament establish a special committee on foreign interference, and they will be producing a report within a year. The European Commission has been very active in the space.

I do think that together we can be even more effective not only in exposing those disinformation campaigns, but in putting in place policies that allow us to stand up to it.

Thank you very much. And I am happy to explore that in greater detail with you.

Mr. CICILLINE. I will absolutely followup with you, and I thank you so much.

And, with that, Mr. Chairman, I yield back.

STAFF. Sir, you are on mute.

Mr. KEATING. Representative Wild from Pennsylvania.

Ms. WILD. Thank you, Mr. Chairman.

This is for Dr. Donfried. And this has been a really interesting conversation that is, I think, very thought provoking to all of us on both sides of the aisle.

The coronavirus pandemic we know to be a transnational threat, and it certainly does not stop at one country's borders. And as such, the world's leaders have to work together—I think we are all in agreement on that—to contain and conquer the virus.

The European Union has sought to lead international efforts to develop COVID-19 treatments, diagnostics, and vaccines. In addition, the U.S. Government has engaged in supporting and funding the development and manufacture of COVID-19 vaccines and treatments.

My question to you is this: How much collaboration currently exists between the CDC and the U.S. and the EU's equivalent ECDC, the European Center for Disease Prevention and Control? And in what ways could health experts in the U.S. and the EU cooperate more going forward?

Dr. Donfried, that is for you.

Dr. DONFRIED. Thanks so much for that question. I can share with you that we at GMF had a series of discussions called Brussels Forum, which is our annual signature conference, but we could not meet in person this year, so we had virtual sessions. One of them was with Dr. Debbie Birx of the White House Coronavirus Task Force; she spoke very compellingly about the extent to which health officials in both the U.S. and Europe are cooperating on a day-to-day basis on COVID-19.

On the one hand, I do think the cooperation at that level is still quite robust, but there definitely have been some important political disconnects. Just to give one example of that, we recently saw the German Government pay 300 million euros to purchase 23 percent of a German biopharmaceutical company called CureVac. The reporting was that the German Government did that because President Trump had mused aloud about potentially paying CureVac to relocate to the United States.

Around vaccine production, we have seen countries increasingly be concerned that a different country will be the first one to get a vaccine, they will then hoard that vaccine, at least initially and, therefore, it will not be available to others.

I think cooperation between governments to complement what we are seeing among health officials or universities or even companies, would be a really useful antidote to what is being now called vaccine nationalism.

Thank you.

Ms. WILD. Thank you. And I assume that we can agree that more concerted U.S. and European cooperation would likely expedite the development of a vaccine or treatment and its eventual worldwide distribution. I know that we are, on both sides of the Atlantic, considering ways to reduce medical supply chain vulnerabilities, especially dependence on China for PPE.

I would be interested in your thoughts in how the U.S. and the EU might boost their existing trade in medical supplies, and in what other ways they need to cooperate to ensure more access to PPE and critical medical supplies.

Dr. DONFRIED. Thanks. First, I completely agree with your conclusion that if there is greater cooperation between the U.S. and Europe, we are more likely to have a vaccine more quickly and, in fact, some of those other behaviors might lead to a longer path to an effective vaccine.

On PPE, I very much agree with the comments Mike Froman made earlier that what we want to do in terms of our supply chains is make them more resilient, rather than just try to produce everything ourselves. If we can create greater resilience by having transatlantic supply chains on PPE and other critical medical equipment, we will be very well served. Those supply chains will be closer geographically, and we also will not have that concern about an overdue reliance on a country like China, which may not have our best interests at heart. That idea of protecting and making more resilient those supply chains, again, can be a common project and can serve U.S. citizens and your constituents well.

Ms. WILD. You know, I am always a fan of good, healthy competition, but it seems there are some areas, this one in particular, where competition isn't necessarily what we want. What we want to see is more cooperation, but thank you so much for your comments and your responses.

Mr. Chairman, I yield back.

Mr. KEATING. Thank you.

The chair recognizes Representative Trone from Maryland.

Mr. TRONE. Thank you, Mr. Chairman. Thank you very much. And thank you to the witnesses.

Ms. Ellehuus, isolation, stress, feelings of insecurity, and concerns about economic health and well-being play a huge role in mental health. We have been seeing large increases in the needs connected to mental health in the U.S. during this pandemic. Are there any examples of European countries that have recognized the importance of protecting mental health and have addressed mental health issues during this time, including, for example, with their healthcare workers who are, you know, treating COVID-19 patients, and the population in general?

Ms. ELLEHUUS. Thank you, Congressman. I am happy to go back to my healthcare colleagues at CSIS and get you a more detailed answer, but among the anecdotal stories I have heard from European allies, you know, certainly one of the advantages that they do have compared to the United States is a more nationalized healthcare system. And so they are able to take those stresses off their healthcare workers and rotate the responsibilities a bit more. Also, in terms of PPE and medical supplies, a lot of those were held by the national healthcare system, more made available on a quick turn.

And then, finally, one of the things that I think is a difference that I have observed is the deliberate isolation of COVID cases from the normal business of what a hospital does. So whether that is cardiac patients, mental health, a lot of the hospitals in Europe have created special wards for the COVID cases and not—recognizing that, even as the pandemic goes on, there are other healthcare problems that need to be addressed.

So I think one of the lessons we could learn from our European allies and partners is this bifurcation of needs in the hospitals and

sort of triaging pandemic patients and those with other issues. But, again, I will go back to the healthcare experts that I work with and see if they have picked up on any examples that are very specific to mental health.

Mr. TRONE. I would appreciate that. I am afraid it is getting left behind in many cases. The numbers are staggering, what is happening.

Ambassador Froman, you were just speaking about supply chain. And what are the current barriers for better transatlantic coordination on supply chain?

Mr. FROMAN. Thank you. Thank you, Congressman. I think there is now conversation going on about perhaps launching a trade negotiation around lowering barriers, trade barriers, tariffs on medical equipment. We have covered some of that. When we installed the information technology agreement, we covered some advanced medical equipment there. But there are still tariffs on a wide range of products going across the Atlantic, and now there is new attention paid to that.

So I am hopeful that whether it is, again, done between the U.S. and the EU, or done more broadly at the WTO among some group of countries, if not all of them, that we can begin to eliminate barriers to trade in critical goods like that.

Mr. TRONE. Great.

Mr. FROMAN. I would also say, just in response to Congresswoman Wild's point, I think the good news is there is a lot of cooperation going on between the U.S. and the EU and the scientific community. The scientists are dealing with each other. The Therapeutics Accelerator that we have launched with Gates and Wellcome have given grants in the U.K. and Belgium and elsewhere in Europe to do research, and we are hopeful that that kind of work does produce the vaccine, treatments, and diagnostics more quickly than we can do alone.

Mr. TRONE. All right. Thank you.

Dr. Donfried, the Trump administration recently issued a rule requiring foreign national students to return home if their instruction is entirely, predominantly online. Could you comment why that may be detrimental to transatlantic relationships and our own pandemic recovery and our own national interest?

Mr. KEATING. If I could interrupt, Representative Trone.

While we have been having this hearing, the U.S. has rescinded that requirement that foreign students taking online courses return home, so I will let you rephrase the question if you would like.

Mr. TRONE. Excellent. We appreciate that.

Any opportunities—I am on the Ed and Labor Committee. Any opportunities to learn best practices on transatlantic cooperation in the area of our students and educators so they can be more successful in the next year or so while this pandemic continues? What can we take from Europe?

Dr. DONFRIED. Well, first, I think that is great news, Chairman. Thank you for sharing it with us. There are lots of reasons why it is great that that was overturned, but obviously it very much benefits the United States to have the best and the brightest from other countries, including across Europe, studying here, and many of

them staying here and contributing to the health and well-being of this country.

In general, I think there are many things we can learn from Europe, but in the educational field, because Europe is now ahead of us in terms of managing this pandemic—and I do not have the most recent figures, but I have figures from late June—the Johns Hopkins University looks at the 7-day rolling average of newly confirmed COVID-19 cases, and in late June, across the 27 countries of the European Union, there were 3,832 new cases as compared to 38,000 cases in the U.S.

Because Europe is ahead of us, there are very helpful lessons we can learn from them about what has worked and what has not worked. That is true in the educational space. It is true in terms of children going back to school and how to manage that. It is also true in terms of the success they have had with testing and contact tracing to keep that COVID-19 curve flattened. I think across all those areas, we should be looking to Europe to see what we can do better here.

Thanks.

Mr. TRONE. Thank you, Doctor.

Thank you, Mr. Chairman.

Mr. KEATING. Thank you, Representative.

The chair recognizes Representative Costa from scenic California.

Mr. COSTA. Thank you very much, Mr. Chairman. I think we have got a good subcommittee hearing today and a productive conversation.

Dr. Carafano, I do not think many of us disagree with the points you made earlier about the need for reform, not only with the World Health Organization, but the World Trade Organization, and a host of other organizations in which we are partners with the European allies of ours, whether it be a formal alliance with the Union or with NATO.

However, I do not know how we do those things when we have a administration that, in my view, seems to be hostile in its approach toward participating in all of these efforts. I mean, withdrawal of the Paris accord, threats toward removing ourselves from NATO, notwithstanding the progress that I think we are making in NATO, and other seemingly lack of willingness to participate or to keep our allies informed as to our decisions, our movements, and the go-it-alone attitude.

I mean, I think there is a lot of willingness. I am the chairman of the Transatlantic Legislators' Dialogue, have been involved for many years, the Transatlantic Policy Network that involves the private sector. We cannot make these reforms if we just walk away from the table.

Dr. CARAFANO. Thank you, Congressman. I agree that, you know, dialog is part of the solution. My only point is we have to be realistic. There are countervailing pressures, particularly from China and Russia, which are working on agendas that do not support this, and the——

Mr. COSTA. But the——

Mr. CARAFANO [continuing]. And the question is how do you accomplish reform.

Mr. COSTA. But you accomplish reform by sitting down and working together. Russia is our common adversary, going back to Azimov and even before with Putin. They have attempted to undermine Western democracies, longer in Europe, and now in our country as well. China is a competitor, not an ally.

So, I mean, we still account for half the world's economy between the United States and Europe with the rules-based economy and adherence to it and shared values.

Dr. CARAFANO. Sir, I would point, you know, to the example of WIPO, where the United States supported an alternative candidate to the Chinese candidate. The alternative candidate was elected. I think we have made great accomplishments there. So I do think it is a case-by-case strategy for an agency rather than just saying—

Mr. COSTA. Well, I disagree. I think that there has been a hostile attitude for the past 3 years. You cannot fix these problems that admittedly are problems unless you are willing to sit down and engage on the common solutions to fixing some of these organization that, in many cases, we helped create, you know, at the beginning.

The—I want to—my time is running out here. To two of our other witnesses, Donfried and Ellehuus, given the nature of the comments you made, what role—and we were in conversations with them. We had a very robust activity, and members of this subcommittee have participated, the chair and many other members, in our regular meetings with the Transatlantic Legislators' Dialogue. But this COVID-19 has really put a constraint on our ability to try to act as that glue to maintain the partnerships.

What suggestions might you have?

Dr. DONFRIED. I completely understand the chill that COVID-19 has put on in-person meetings, and I would be the first to agree that there is really no parallel substitute to an in-person meeting, but I am actually amazed at how quickly all of us have adjusted to virtual settings. I would encourage you to continue convening as the TLD and bringing together those parliamentarians, albeit using virtual tools and maybe breaking into small groups to try to inculcate some of that relationship building that is so wonderful about an in-person meeting.

I think the challenges of the pandemic increase the need for those conversations and suggest you need a quickened pace of those conversations because of the many problems.

Mr. COSTA. We have a meeting tomorrow, and we have got—we are trying to do it twice—once a month at least.

Michael, before my time is up, Mr. Ambassador, it is always good to see you. What do you think the future prospects are

[inaudible] With the rest of this year and whether or not we have a new administration vis—vis the EU and Brexit? You testify in all these sticky issues, so—agriculture, but I think it has to be on the table. I do not know if the chair will give me the time and let you answer the question.

Mr. FROMAN. Well, look, I think—

Mr. KEATING. Go ahead.

Mr. FROMAN [continuing]. The prospect of a U.S.-U.K. FTA is there. It should be easier than TTIP was to negotiate.

On the other hand, the U.K. needs to sort out what its future alignment with the EU is going to be going forward, and—



Mr. COSTA. Well, that has not happened yet. They are still in problems with that as—I have been in—

Mr. FROMAN. That is right. That is right. Yes. It is very difficult for them to negotiate an agreement until they know where they are going to exercise their discretion and where they are going to fall on Brussels on regulatory issues. I think that is the key next step.

Mr. COSTA. So we are really talking about 6 months or a year away?

Mr. FROMAN. Yes. I think Ambassador Lighthizer has expressed skepticism that it would get done over the course of the remainder of the year.

Mr. COSTA. Yes. That was my conversation with him 2 weeks ago.

Thank you very much, Mr. Chairman. And we will continue to work on all of the above.

Mr. KEATING. Thank you, Representative. I think things have to be much more in alignment with U.K., the EU, and certainly that is important to us as well.

The chair recognizes Representative Sherman from California. Thank you.

You might be muted, Mr. Sherman. You might be muted.

Mr. SHERMAN. I—can I now be heard?

Mr. KEATING. You can be heard.

Mr. SHERMAN. Great. Thank you for letting me participate in this subcommittee's hearing.

We need to do more research on COVID. About a quarter of 1 percent of the money we have provided for this crisis has gone to medical research. We have the capacity in that the organizations, the researchers are available since virtually all non-COVID medical research projects have been put on hold. This is the only way that we are going to deal with the trillions of dollars of harm that are done to the poorest countries in the world. I mean, I wish we could have a much larger foreign aid expenditure to help those countries, but I know that if we can do the medical research, that benefits the entire world.

It is also critical for our image in the world, because, as Dr. Donfried has pointed out, we have not done as good a job as Europe, let alone other countries, in handling this pandemic. But if we can be the source of treatments and prophylaxis and vaccines, that will help rebuild our image.

We have \$5 billion in the HEROES Act—that, again, is about one quarter of 1 percent of that Act—for the kind of medical research that we need to do, and our standing in the world depends upon us doing all we can for research.

Our alliance with Europe is based on values. You do not need to share values to have a successful alliance. Roosevelt and Stalin led the two most powerful nations in destroying Nazi Germany. But the relationship we have with Europe is based on values, and that enhances the alliance substantially. But we have pulled out of the Paris accord. We have a President who called NATO obsolete. He tried to take money from the Europe defense initiative and put it in building a wall.

But more apropos to these hearings is this withdrawal from the WHO, which obviously has little or no support anywhere else in the

world. The attack on the WHO has been on the theory that the WHO accepted what China had to say without investigating and verifying. Of course, the WHO has to rely upon the member States. It does not have the capacity to go around them.

In contrast, the U.S. intel community, the most expensive and most sophisticated intelligence system ever devised, did know what was happening in Wuhan, China, and in January and February, we chose to ignore it. So you cannot blame the WHO for accepting what China had to say. You can blame us.

So we have all of these things impacting our image in Europe, our ability to share values with Europe. The question is: What can the Foreign Affairs Committee of the U.S. Congress do over the next couple of years to rebuild America's image in Europe and our relationship with our traditional allies?

I will turn to Ms. Donfried and anyone else who wishes to answer.

Dr. DONFRIED. Thank you so much. You have hit on some really important points. Your comment about the need for more scientific research on COVID-19, which is important for our understanding of the disease but also obviously for our developing a vaccine, is certainly one important part of how the U.S. is viewed in the world.

So many look to U.S. for leadership because of the ideals that undergird this country, but also the fact that we live by those ideals of openness and transparency. I was really struck when—I read recently a comment by China's chief virologist; she was saying that for China, if China is the first to develop this weapon—meaning vaccine—“if China is the first to develop this weapon with its own intellectual property rights, it will demonstrate not only the progress of Chinese science and technology, but also our image as a major power.”

It is clear that China sees this race to a vaccine as a very important step in the way China is viewed globally. I do think, for the U.S., together with its allies, to be the ones who develop the vaccine will have an impact on how we are seen in the world. How we manage the COVID-19 pandemic gets to whether we are seen as competent.

Mr. SHERMAN. I wanted to hear also from Ms. Ellehuus.

Dr. DONFRIED. Sorry. Apologies.

Mr. KEATING. Go ahead.

Mr. SHERMAN. If we could hear from her, if the chair will indulge me.

Mr. KEATING. Yes. Go ahead. Go ahead.

Ms. ELLEHUUS. Thank you.

I agree completely with what Karen said. I mean, it is going to take some time. These relationships will not be rebuilt overnight. Fortunately, to some extent, I think we can point to our actions, despite some of the rhetoric that has poisoned the relationship with allies and partners. So things like the European Deterrence Initiative, things like a continued U.S. forward presence in Europe, really matter in establishing the baseline credibilities with our allies and partners.

Going forward, though, I do think we are going to have to sometimes subsume our own national interests to those of others and

recognize that the collective interests might have to be put first. And I understand that is not always an easy choice, but if we want to rebuild these relationships, it is going to have to start from the bottom and allowing others to lead and trusting in that leadership.

Mr. SHERMAN. Thank you.

Mr. KEATING. If you could—I am going to try and—I lost my video. If you have another question—I am going to try and shut it off and get back on. So, Representative, if you have another question, I am going to try to do that so I can close. I have to be on the screen.

Could you do that, Representative Sherman?

Mr. SHERMAN. What would you like me to do?

Mr. KEATING. Just ask another question. I am going to go off and then back on, because I have to be on the screen to close. And somehow my—

Mr. SHERMAN. Okay. I thank you for the additional time.

And I will ask Mr. Carafano. We have the Nord Stream 2 pipeline. That will make Europe somewhat dependent upon natural gas supplies coming from Russia. Will Europe have the alternative infrastructure so that if they have a dispute with Russia, they can bring in natural gas, LNG facilities, or LNG from the Mediterranean, et cetera?

Dr. CARAFANO. Well, thank you. I did want to make two quick points on your last question, because I do think it is worth remembering, one, that I think there is international consensus that there is a need for reform in the World Health Organization and, two, that the United States has not left the World Health Organization yet. We have a year.

And if you are asking what can the committee do, the answer is really simple: Put on the table the reforms that are really needed, including reforms with international health regulations, and hold the WHO to that. And then you can also hold the Administration to that, those reforms.

I do think there is a constructive way forward, and—but to your other point, I think, you know, we talked a lot about the Three Seas Initiatives. I am very encouraged by modest developments, for example, like the Croatian natural gas facility, and some of the other pipelines. There is a number of very small initiatives that can be enormously beneficial.

So, for example, you can run a natural gas pipeline into Kosovo; that would be a very short run. It would be very inexpensive. It would enormously improve Kosovo's energy position. So I do think as the Nord Stream 2, there is enormous that can be done, and I think, as Michael pointed out, there is a lot of global money that is looking to invest. A lot of this can be done with private sector money, and it is—so there is a lot of opportunity there.

Mr. KEATING. Great. Thank you. Thank you. A good question. I am glad we had time for it, Representative.

I think our questioning is over. I just want to thank our panel. It was a terrific panel.

I want to make note of the fact that, for the panel and anyone else who is listening to this, we had 15 members onboard for this subcommittee hearing, which is an extraordinary number. I think it is a message of showing how interested our committee is and Con-

gress is on improving our transatlantic relations, how we understand with the COVID-19 virus that, indeed, there are not many silver linings but one opportunity we have is to work closer with our transatlantic allies, because we have to. It is in our interest, it is in their interest, I think it is in a global interest to do that.

We also will be returning back to Congress next week and we will be dealing with appropriations issues. And I think we will find out that the House will come forward with appropriations with strong investments on the international front in many areas. So I think that, again, that will be another strong signal of how important it is for us to be involved and that, indeed, the House, both Republicans and Democrats, have a strong commitment to global issues because we realize it is in our self-interest—security interest, economic interest, and, indeed, our healthcare interest, in terms of the values that we share.

Representative Titus mentioned in the hearing that she would like to see us get involved more formally as a committee, weighing in on issues that she raised, with maybe the direction of USAID. Global broadcasting obviously an issue as well. And we plan to do that.

So thank you for a very important hearing at a critical time for our country, for our European allies, and globally. We hope to keep working with you.

With that, we will adjourn the meeting. Thank you again for all of your longstanding help in these areas. This meeting is adjourned.

[Whereupon, at 3:09 p.m., the subcommittee was adjourned.]

## APPENDIX

**SUBCOMMITTEE HEARING NOTICE**  
**COMMITTEE ON FOREIGN AFFAIRS**  
 U.S. HOUSE OF REPRESENTATIVES  
 WASHINGTON, DC 20515-6128

**Subcommittee on Europe, Eurasia, Energy, and the Environment**

**William R. Keating (D-MA), Chairman**

July 14, 2020

**TO: MEMBERS OF THE COMMITTEE ON FOREIGN AFFAIRS**

You are respectfully requested to attend an OPEN hearing of the Committee on Foreign Affairs, to be held by the Subcommittee on Europe, Eurasia, Energy, and the Environment via Cisco Webex (and available by live webcast on the Committee website at <https://foreignaffairs.house.gov/>):

**DATE:** Tuesday, July 14, 2020

**TIME:** 2:00 p.m., EDT

**SUBJECT:** The Importance of Transatlantic Cooperation During the COVID-19 Pandemic

**WITNESSES:** The Honorable Michael Froman  
 Vice Chairman and President  
 Strategic Growth  
 Mastercard  
*(Former United States Trade Representative, Former Assistant to the President and Deputy National Security Advisor for International Economic Affairs)*

Karen Donfried, Ph.D.  
 President  
 German Marshall Fund of the United States  
*(Former Special Assistant to the President and Senior Director for European Affairs, National Security Council)*

Ms. Rachel Ellehuus  
 Deputy Director  
 Europe Program  
 Center for Strategic and International Studies  
*(Former Principal Director for European and NATO Policy in the Office of the Secretary of Defense, Department of Defense)*

James Jay Carafano, Ph.D.  
 Vice President, Kathryn and Shelby Cullom Davis Institute for National Security and Foreign Policy  
 E. W. Richardson Fellow  
 The Heritage Foundation

**By Direction of the Chairman**

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*EUROPE, EURASIA, ENERGY, AND THE ENVIRONMENT SUBCOMMITTEE HEARING*

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MINUTES OF SUBCOMMITTEE ON Europe, Eurasia, Energy, and the Environment HEARING

Day Tuesday Date 7/14/2020 Room Cisco Webex

Starting Time 2:11 Ending Time 4:09

Recesses ☐ (to to) (to to) (to to) (to to) (to to) (to to)

Presiding Member(s)

*William R. Keating*

Check all of the following that apply:

Open Session ☒

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To select a box, mouse click it, or tab to it and use the enter key to select. Another click on the same box will deselect it.

TITLE OF HEARING:

*The Importance of Transatlantic Cooperation During the COVID-19 Pandemic*

SUBCOMMITTEE MEMBERS PRESENT:

*See Attached*

NON-SUBCOMMITTEE MEMBERS PRESENT: (Mark with an \* if they are not members of full committee.)

*Representative Brad Sherman*

HEARING WITNESSES: Same as meeting notice attached? Yes ☒ No ☐

(If "no", please list below and include title, agency, department, or organization.)

STATEMENTS FOR THE RECORD: (List any statements submitted for the record.)

*Ambassador Michael Froman's Testimony*

*Dr. Karen Donfried's Testimony*

*Ms. Rachel Ellehuus' Testimony*

*Dr. James Jay Carafano's Testimony*

TIME SCHEDULED TO RECONVENE \_\_\_\_\_

or TIME ADJOURNED 4:09

Clear Form

Note: If listing additional witnesses not included on hearing notice, be sure to include title, agency, etc.

*[Signature]*  
Subcommittee Staff Associate

WHEN COMPLETED: Please print for subcommittee staff director's signature and make at least one copy of the signed form. A signed copy is to be included with the hearing/markup transcript when ready for printing along with a copy of the final meeting notice (both will go into the appendix). The signed original, with a copy of the final meeting notice attached, goes to full committee. An electronic copy of this PDF file may be saved to your hearing folder, if desired.