TRANSCRIPT

Event

“The Transatlantic Economic Security Agenda”

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FEATURING

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Good afternoon, everyone. And thank you for joining us today. My name is Max Bergmann, and I am Director of the Europe, Russia, and Eurasia Program and the Stuart Center here at the Center for Strategic and International Studies.

Before we jump into today’s exciting conversation, I’d like to make a very important announcement about our Europe programming here at CSIS. Today I’m thrilled to launch the Project on the Future of Europe. Rather uniquely, this project will focus on the European Union – its evolving trajectory, its growing geopolitical role, and the implications for the United States and Europe.

In my view, the formation of the European Union is one of the greatest successes of American foreign policy. After World War Two, the United States strongly backed European integration with the Marshall Plan, insisting that Europe break down its internal economic barriers. When the Treaty of Rome was signed in 1957, creating the European Economic Community, President Dwight D. Eisenhower said that this day, the day the common market became a reality, would be one of the finest days in the history of the free world. Integrating Europe was key to winning the peace after World War Two, the end of the Cold War, and now will hopefully be for Ukraine as well.

A key challenge with understanding the EU, especially for those of us in the United States, is that the European project is in perpetual motion. It’s constantly evolving. Europe today is remarkably different than it was 10, 20, 30 years ago. Yet Washington today has often thought little about the EU and has little grasp of what is happening in Brussels. This project seeks to address that gap, to look at Europe through a Washington lens. This is needed, because U.S.-EU cooperation is critical and is increasingly essential to face the world’s challenges today.

As we have entered a new global age of geopolitical competition, the EU – with its 450 million people and economy roughly equivalent to the size of our economy here in the United States as well as China’s – has become increasingly a geopolitical actor as well. The powers or competencies granted to the EU, whether in trade, market regulation, climate standards, are all geopolitical tools as well. And a prime example of the EU’s evolution is the recently released Economic Security Strategy, which is the topic of our conversation today.

I’m thrilled to introduce our esteemed guests from the European Commission who lead the EU’s economic security agenda. This includes the EU’s efforts to build more secure and resilient supply chain, strengthen export controls and investment screening, as well as expand cooperation with partners on trade and technology.
Margrethe Vestager is the Executive Vice President of the European Commission. She is in charge of enforcing the European Union’s rules designed to keep markets fair. She also sets the strategic direction of a Europe fit for the digital age, aiming to make sure that digital technology supports the EU’s goals. Prior to serving in the commission, she was Denmark’s minister for education affairs and the interior, and the political leader of the Danish Social Liberal Party.

Valdis Dombrovskis is Executive Vice President of the European Commission responsible for an economy that works for people. Also is in charge of trade. And before this, he was Vice President responsible for the euro, social dialogue, financial services, and the capital markets union. He was also Latvia’s longest-serving head of government with three terms as Prime Minister.

And moderating today’s conversation are two of the foremost scholars on transatlantic technology and trade policy, are my good friends Emily Benson. Emily Benson is the director of the project on trade and technology and senior fellow of the Scholl Chair in International Business here at CSIS, where she focuses on trade, investment, and technology issues primarily in the transatlantic context. And also Federico Steinberg, who is a visiting fellow here with us in the Europe, Russia, and Eurasia program, where he focuses on international political economy, international trade, and European economic monetary integration. He is also a senior analyst with the Elcano think tank in Madrid.

So please give our panelists a warm round of applause, and I’ll turn it over to Emily. (Applause.)

Emily Benson: Thank you, Max. And thank you all for coming today. A couple of housekeeping things. We will have a short conversation, after which we invite you to ask questions. We’ll turn towards you, the audience, shortly after 1 O’clock We’ll have passed microphones, and so the only rule there is please ensure that your question is, in fact, a question and that it is very brief. Thank you.

So as Max mentioned, we are currently living through a very dynamic period in the transatlantic relationship. We are officially at the one-week anniversary of the release of your updated Economic Security Strategy – which if you haven’t had the opportunity to read, I highly encourage that you do. It’s very interesting. But what brings you to Washington this week is the fifth ministerial conference of the U.S.-EU Trade and Technology Council. I’d like to begin today, Commissioner Vestager, with your takeaways from the TTC, what we’ve accomplished heading into
this round, and what we can anticipate ahead of the rumored next ministerial in April.

Well, thank you very much. And thank you very much for the initial announcements. I think that it’s really important to see Europe through that Washington lens, while appreciating how Europe has changed over the last 10 years. Our President, Ursula Von Der Leyen in the beginning of this mandate, she said, indeed, that this would be a geopolitical commission. And she was very right. Only, you know, reinforced by the pandemic, energy crisis, and now, unfortunately and tragically, the Russian war on Ukraine. So much more, you know, strong, comforting what we have achieved with the Trade and Technology Council.

We launched it in the very early days of the Biden administration. And I think that we have given sort of the transatlantic relationship quite a bit of muscle. You know, I’m a Dane. I had been – I have grown up, educated to love everything transatlantic. A lot of speeches. A lot of toasts to that. This has been very targeted, very specific, very hands on. You know, very first days, we agreed on the approach to artificial intelligence. It should be risk based. We did not want to regulate the technology, but how it was used. We’ve been working on semiconductors. First to figure out why did we have the shortages that we had just after the pandemic, how to prevent that from happening again.

And now we are looking into the market dynamics of mature semiconductor technology. So that we will push forward as well. And last but not least, we are pushing forward on standards, standard setting. Could be a crossover also here to artificial intelligence. Because what is really red teaming? What have you done sufficiently to test your model? What is watermarking? How to make sure that hardware and software actually work together.

So these are results that we do hope and hear are useful for our constituencies, for businesses, NGOs, citizens all around. And we hope, of course, that the sixth ministerial meeting in Belgium will be very efficient and will deliver results on all these areas, trades areas as well. But Valdis is much better placed to say something about that.

Fredrico Steinberg: Well, thank you. And, yes, let’s hope that after the European elections and the American elections this can move forward, because I think there’s been a lot of collaboration within this framework that was not easy or anticipated. But moving, as Emily said, the EU released the new package of economic security measures with five different initiatives. Very complex, I would say, in the details. So I would like to ask you, Commissioner Dombrovskis, what is the understanding of the EU of economic security? This is something that here at CSIS we’ve been
debating and debating, and endless discussions. So I guess the European perspective has also been crystallized in recent months and years. And what are the most relevant details of this new package in this new context?

Commissioner Valdis Dombrovskis: Yeah. Good afternoon, everyone. And, first of all, thank you for this invitation and this opportunity to have this discussion on economic security.

Indeed, a week ago, EU came forward with a package of proposals on implementing Economic Security Strategy, which we already presented in June of last year. So if we look at the Economic Security Strategy, I think, indeed, the first question is a very valid one, what exactly we mean with economic security? Because, indeed, if you would ask the different actors and stakeholders, you would hear different answers. So from the EU perspective, I think it's clear that we are currently facing a more conflictual geopolitical situation. We are facing a situation where also trade is used as a – trade and investment is used as an instrument of economic coercion, where certain investments can also pose national security risks, or risks to public order, or other aspects like this.

So we need to address all those challenges. And, indeed, we need to ensure that we can continue to function in this more conflictual world, while preserving our economic openness. The EU has benefited very substantially from economic openness. We are a trading powerhouse. Eighteen percent of our jobs depend on external trade. So it’s very important for us. So our approach to economic security is, therefore, a targeted one. So we are doing an assessment of the risks which we are facing, and finding proportionate and targeted tools to address those risks. So, from my point of view, it’s about striking the right balance between minimizing the risks and maximizing the benefits of economic openness, and that approach which we are having. So and we are also mindful to make sure that the debate on economic security does not become a pretext of protectionism.

So our Economic Security Strategy, this is based on three pillars. So first is promoting EU’s competitiveness and growth. Second is to protect our economic security through a range of policies and tools. And third, partnering with the broadest possible range of partners worldwide to diversify and strengthen mutual resistance. And this partnering pillar of Economic Security Strategy is, I would say, as important as other two pillars. And this cooperation, obviously, in this area is very important also with the United States. And that’s why in the EU-U.S. Trade and Technology Council we devote, I would say, a substantial share of our discussions to the questions of economic security, how we cooperate in the area of export controls, how we cooperate and coordinate overall
approaches in FDI screening, just to give some examples. Because it’s clear with EU and U.S. being strategic partners, being allies, it’s very important that we cooperate on addressing geopolitical challenges and also in the area of economic security.

Ms. Benson:

Well, thank you very much for, I think, what you identify as benefits of trade policy. I’d like to address one report that’s come up quite frequently in Washington. That is the release of the U.S. Select Committee on Competition with the CCP. They put out a far-ranging report with 150 recommendations. This, to date, is probably the best articulation that we see of the U.S. approach towards economic security. However, it calls for a full-scale reset of the U.S. economic relationship with China. I’m curious from both of your perspectives if you think that a reset is really warranted. And then, second, how we can avoid an outcome where dealing with China in some ways precludes a more affirmative agenda. So how do we make sure that we keep the transatlantic relationship front and center?

Commissioner Vestager:

Well, I think here one of – one of the reasons why the TTC has been fruitful is that it has been a council where we can work for mutual interest. You know, this is not a relationship that is made because we don’t like the third guy. We have, I think, maybe more converging views of China than we had five years ago. (Background noise.) But still – you see everywhere – (laughter) – but still, we have slightly different approaches. We also – we have different legislative practices. We have different pieces of legislation. We’re not a federation, as you rightly state, in the same vein. And we have for a very long time described our relationship with China as a complex one.

We are partners with China when it comes to fighting climate change. There will be no fighting climate change if China is not on board. At the same time, China is a systemic rival. We do not see the Chinese approach to governance aligning with our as strong democracies. This goes to the U.S. as well. And, last but not least, really important, economic competitors. So we have equipped ourselves with new tools. That would be trade tools. That be the tools that I’m responsible for, for foreign subsidies, to screen that. That’d be the foreign direct investment screening. Now 22 member states would be able to do that.

So I think that we have tools. We’re, I think, very clear-eyed about the threats that Chinese economy and initiatives can pose. While, at the same time, you know, insisting that China is a fact of life on this planet. And we have a trading relationship with China as well. And this is why, as Valdis is saying, as open as possible, as closed as necessary. And if you take Horizon Europe, this big European research program, applying that approach has led us to 31 actions. Which is 3.5 percent of the entire
budget, where China is affected, where Russia and Belarus are completely excluded. And I think that’s a good sort of concrete example of what we mean when we say as open as possible, as closed as necessary.

Dr. Steinberg: On that sense, if I can push a little bit, but link this more specifically to trade and the multilateral system. Because here there’s an increased tension between the necessity of dealing with economic security – and that would entail some things that go in different directions than the last decades of globalization – and at the same time this commitment by the European Union to try to push for the multilateral trading system, reform the WTO, maintain this idea of partnerships that you mentioned, especially on trade.

So to what extent is there an incompatibility here? We also saw that the CBAM, the Carbon Border Adjustment Mechanism adopted by the EU, you know, it hopefully is going to be WTO compliant, but there is some discussion around that. So to what extent the commitment of the EU in the context of the need for economic security has modified, and the EU is no longer that champion of the multilateral trading system as it used to be throughout the last decades?

Commissioner Dombrovskis: Well, first of all, I would like to underline that the EU continues to be a champion for a rules-based multilateral trading system. We are committed to a successful 13th Ministerial Conference of the World Trade Organization. Obviously, we are also aware that the World Trade Organization requires reform to keep up with the changes and the new challenges of the 21st century. And we are very much committed to facilitate this.

So, first of all, it’s worth remembering that 75 percent of global trade is still being done under the WTO rules. And it’s basically the most favored nation principle which is underpinning the resilience of the global economic security also in the last turbulent couple of years. So and we are clearly of the view if we were to move towards purely power-based trading relationship, at the end of the day it’s going to be detrimental and to benefit to no one. Probably China, to an extent, but so. So there is a lot at stake to preserve multilaterals and to preserve rules-based global order, and also to avoid economic fragmentation.

As our estimates, if we were now allowing trade to fragment across geopolitical blocs, it would take out something like 5 to 7 percent of the global GDP, which is equivalent as of taking Germany and France combined GDP out of the map. So quite a significant negative economic impact we should seek to avoid. So therefore, it’s clear – and I already underlined it at the very beginning – we remain committed to our trade
openness and are being focused and targeted on what we need to approach. And there, indeed, there are economic security issues which are implied, and that it cannot become a pretext for broad-based protectionism.

So those principles obviously are important to maintain as we are advancing this work on economic security. You asked a question specifically on CBAM, Carbon Border Adjustment Mechanism. I would say doesn’t quite fit into this discussion, but I can comment briefly nevertheless. So we are committed to work towards climate neutrality by 2050. This means that we also need to start putting the price of carbon on our energy-intensive industries, like steel, aluminum, cement, fertilizer, electricity. But we – if we do so, we need to see how to avoid carbon leakage, which would be detrimental to the EU economy and would not help to address climate goals.

So – and that’s where the CBAM comes in. We basically say that we put the same price of carbon which we put on domestically produced goods on imported goods. And if producers in other countries are already paying some price of carbon, it’s being deducted. So it’s clearly environmental measure. It’s nondiscriminatory. So the same price of carbon for producers and importers. So it’s not trade distorting. Therefore, we are confident that we would be able to defend it under the WTO rules, should the necessity arise.

Ms. Benson: Wonderful. Well, let us turn back for a moment to the technology side of the agenda. I have a question for both of you. Commissioner Vestager, if we could maybe lean into the promote side of the agenda on chips cooperation. The U.S. last year passed its $52 billion CHIPS and Science Act. The EU has followed with its own respective package. I’m curious if you could share a little bit about bilateral cooperation on the deployment of chips funding, especially on the R&D side, and how Brussels and Washington are going about making sure that this is as strategic as it can be. And for you, Commissioner Dombrovskis, I’m wondering if you could share a couple of words about the protect side of the agenda. I think we see an increasing emphasis on export controls as a prerequisite to deeper cooperation on deployment of new funds. And so I’m curious if you can share a little bit about the export control chapter of the Economic Security Strategy. We’ll start with you.

Commissioner Vestager: Yeah, that the two CHIPS Acts are very different in nature, because the U.S. CHIPS Act, with its funding of 52 billion (dollars), is there to enable the supply – the supply of chips produced in the U.S. The European CHIPS Act is actually put in place to enable demand, to make many more European businesses capable of designing their own chips, integrating semiconductors in their products, establishing pilot lines for them to test
their design before they go full scale production. That, we combined with a – sort of a window of enabling member states to support productive investment in Europe for the demand side of things. So basically, here part of the equivalence to the $52 billion in the U.S.

And we approve this directly on the chip treaty because we don’t have, you know, a special set of rules on state aid for chips production. And in general, we are quite reluctant for state aid for productive investments, because that can be very distortive. Here, we actually consider it a market failure that we do not have mega-fabs in Europe. About 10 percent of world production of chips takes place in Europe, in smaller batches than what you see in other places. We have now approved A2 facilities in Italy, where they are producing what you could call, I think, a semiconductor – now I’ve forgot the – what they – it’s not a ballet, but they have basically everything that goes with semiconductor production, both wafers, the printing itself, the testing, and the packaging. And right now we are looking into a big project in France that is ready to go, and a German project with a Polish production side as well.

So I think the two sides complement each other very well. And what we then do within this Trade and Technology Council is, for instance, that we make sure that we do not have a subsidy race by having transparency on what subsidies are being handed out. Because we’re talking about relatively few players. Also, relatively few decision makers. So you can easily imagine that a business could go to the U.S., say, well, what can you give? Going back to Europe and saying, this is what they will give me, can you top that up? And when we have transparency and we talk about it, we can prevent that. So that the support given is what is necessary for investment to take place, is not more than what is necessary. It’s proportional to the private investment. And it’s given in a way that is as pro-competitive as possible. And that, of course, is to complement an increased research cooperation. IMEC, I think, is one of the main global research organization when it comes to this, now in close cooperation with U.S. environment on the research side of things.

One of the things that we just decided in the Trade and Technology Council here was to follow very closely what happens with the production capacity and the global market on mature technology. So basically, the larger nodes can be 24, 55, up to more than 100 nanometer nodes, because they will be a fact of life for decades to come. You need the full suite of semiconductors also to make the most advanced, so the tiny, tiny, tiny nodes really work for you. And here, of course, talking about economic security, it’s important to see what will be the effect of the ramping up of capacity to produce mature technology in China? Will that flood the markets on the semiconductors themselves? Or will it
change the price point of items produced in China with those semiconductors embedded in them?

And here, I think the cooperation is really important in order to see if that poses a threat to what we want to achieve in order to act fast and subtle, instead of maybe later and having to be a bit more robust in the responses. And I think the Trade and Technology Council has proven to be an excellent vehicle also for these quite nuanced discussions that are needed. If we are successful in Europe in ramping up production to 20 percent from 10, in the U.S. from 20 percent to 30 (percent), we will still be part of the global ecosystem of semiconductors. So this is not an act of protectionism. This is not trying to be self-sufficient. This is to have a much stronger weight in the global ecosystem of semiconductors, which is a very complex one. Which is also why on both sides we work on critical raw materials, because without those no semiconductors will materialize anyway. And I think we have – we have made great progress that would have been very, very difficult without the Trade and Technology Council.

Commissioner Dombrovskis: Yeah, so coming to your second question on Economic Security Strategy and export controls within that strategy. Well, obviously, export controls is a part of this. So basically, what we are currently dealing with in our strategy and our recent proposals is how to improve the efficiency of our export control system. Because currently export controls in the EU are primarily national competence, since national security is national competence. So its member states deciding on export controls, but it’s clear that it’s one or another member state deciding some export control. It’s obviously less efficient if it’s done at the EU level.

And there are mechanisms already now how we can actually extend export controls introduced in one member state to the EU-wide export controls. But those mechanisms are not kind of very efficient and very conducive towards this extension. So we propose as we should be changing as those mechanisms, having earlier engagement among member states in earlier stages, to make sure that we can scale up export controls more efficiently to the EU level. We’re also looking at the question what we do now with multiple multilateral export control regimes, like, for example, Wassenaar, where Russia is basically blocking decisions and basically that we could be implementing those, let’s say, consensus minus one decisions then uniformly at the European level. Actually, it was also part of our discussions yesterday in the Trade and Technology Council, because you’re essentially looking at the same topic. And we agreed that we will now do a joint form of this, how we can approach this in a coordinated way, both EU and U.S.
And a final aspect on export controls which I was – wanted to mention is in the context of sanctions against Russia, where we had been actually working very closely and very well together with U.S. on coordinating our approaches and export controls we are introducing vis-à-vis Russia as a sanction to make sure that we diminish its military and technological capability. So those are, I would say, the main elements which we’re currently dealing in the context of export controls.

Ms. Benson: Great. Well, thank you both for your comments. We will turn now to the audience for questions. We have a roaming microphone, if you could raise your hand. And we will come find you if you have a question. I think we have one in the back here. And just by way of reminder, please make it a question

Q: Thank you. Dr. Jeremy Muldavin. I spent some time in Office of Secretary of Defense and National Security Council working on the chips and related issues.

I’m very excited that the promote, protect, and partner strategy is common to the U.S. and EU. One of the questions I have is what is the role of provenance and traceability of chips and the root of trust that enable hardware as a service in, one, making an awareness of the risk of supply and oversupply from China into the critical infrastructure in the U.S. and EU? And how could that help with the demand portion to prefer a short supply for the U.S. and Europe?

Commissioner Vestager: We had – we had yesterday – well, thank you very much for the question and for the keen interest. We had a roundtable yesterday before the Trade and Technology Council itself with both EU and U.S. both producers and users of semiconductors from all over the world where they supply, but from these two jurisdictions. What we were trying to map out was the question about essential semiconductors or mature technology, because this is where we see the production capacity in China ramping up. Also because, due to effective export controls, very difficult for them to do the cutting-edge, the leading nodes, sort of the two to five, seven nanometer chips.

And here it was – it was very interesting for us to get, you know, from the businesses in question the very nuanced view of how the global value chain works. And the need for a precise yet subtle response if you still want to enable these businesses actually to conduct their businesses, without their prices also ramping up. Because the very clear impression that we got from them, and we’re talking here about both European and U.S. producers, is that they are indeed competitive with Chinese producers as things stand now. So the starting point is rather good. And this, of course, also allows us to try to foresee what will happen. And
right now, what is important to assess is whether the increased production capacity in China will be a problem for producers of semiconductors in the rest of the world, or it will be a problem for producers of goods that embed semiconductors in the rest of the world.

This was a very exploratory roundtable, and we will continue to focus on exactly this. One of the things we touched upon was, indeed, provenance. Is there sufficient transparency as to where the semiconductors of your product – where they actually come from? I think this is one of the things that the business community is taking on board more and more to provide that. Also because, obviously, some of them, they take good pride that they use semiconductors that are produced by completely untrusted vendors. But so far, we have not produced a policy response to this, knowing, of course, that in the U.S. there are decisions taken that the federal government can only buy certain products where you have the full traceability of the semiconductors going in.

Ms. Benson: Great. I think we have time for just a couple more questions. We have one down here.

Q: Thank you. Martin Chorzempa, Peterson Institute.

I wonder if we could go a little bit deeper into the export control side. It seems one of the major problems at this point is limited enforcement capability at the EU level, and maybe at the member state level, in comparison to the U.S. which has led a lot of these controls to leak. And as you’re thinking about moving forward, how do you think about the enforcement side? How do you think about whether EU export controls should apply extraterritorially, like the United States, to make sure that EU companies producing outside of the European Union are not helping Russia’s war effort? Thank you.

Ms. Benson: An easy question there. (Laughter.)

Commissioner Dombrovskis: Yeah, well, indeed. On export controls, so I understand you are primarily asking this in the context of sanctions against Russia, which are currently applying. And that, indeed, the sanctions circumvention and enforcement of the export controls in place is a major issue. And already for last few sanctions packages, we have been focusing a lot on this question of enforcement. So basically, we foresee the possibility, first and foremost, to take measures against our own companies if they are knowingly engaging in activities of sanction circumvention. We foresee possibility of a prohibition of EU companies doing business with third-country companies which are engaged in sanctions intervention. So, to say, blacklisting of those third-country companies. And there will be some examples.
And obviously, we also invest lots of time and energy in dialogue with third countries where we see this circumvention taking place. And I will say, getting also varying degree of engagement and commitment from member states – from those countries to actually address this circumvention problems. And also, on this aspect, we are cooperating with U.S. and, in a sense, we are going in joint missions to those countries, where we see some unusual trade patterns right now emerging. I will say that it often has an effect and countries are currently considering of changing their behavior.

But it’s clear that this question of enforcement is going to stay in our agenda as we are putting sanctions against Russia. Russia is looking at ways to bypass those sanctions. We are looking at ways to close those elements. In a sense, it’s a topic which requires constant effort, and constant attention, and also coordination between EU, U.S., and also other democratic countries which are actually imposing sanctions. So that’s briefly on this question of enforcement of export controls.

If I may add just this one perspective, because we’re not claiming that, like, this will have EU export controls, because that would entail that we move competence from member states to the European level. And that would give us one thing, which would be turf war, and not effective use of existing competences of export control. So the steps that we have taken is, first of all, to agree on what are the essential areas. And here we have chosen four. And there’s an overlap with the U.S. approach to this. So it’s quantum, it’s AI, it is advanced semiconductors, and it’s bio solutions – or, think biotech. We’re in the process of finalizing our risk assessment on these areas with member states. And the point is then to provide sort of a European prism through which member states can exercise their own export control competences.

Because we think that can bring results also on quite a short-term basis, and I think, as Valdis just underlined, this is absolutely essential. We have now tried and tested it within enabling sanctions to be effective, but also in these technology areas we see that that can be a necessity. And that is underlying what we – what we launched last week, which is that we’re very focused on the risk of technology leakage. Which is why we also have these initiatives on due diligence within research, to make sure that you know with whom you actually cooperate. And we have done that within the Horizon Europe program, is set. Now we also want to enable member states to do the same thing, because a lot of research take place within member states.

Yeah, maybe to avoid confusion, I think this requires a bit of clarification. There are two avenues, two legal avenues, how EU can impose export
controls. And my response was focusing on sanctions avenues, where EU member states are deciding by unanimity to impose sanctions and, in this case, this becomes EU-wide export control. And Margrethe was focusing in her answer in another avenue, which is an avenue member states imposing export controls based on their national security considerations and how we can coordinate it better.

Ms. Benson: OK, I think we have time for one last question in the second row here. Press gets the last word. (Laughs.)

Q: I guess so. Thank you. Rishi Iyengar from Foreign Policy magazine.

I wanted to ask about the automotive sector, specifically in the context of BYD recently overtaking Tesla in terms of EV sales. One, what is – what is the status of the EU investigation into EV subsidies from China? And, two, how concerned are you about European carmakers’ presence and exposure to the Chinese market?

Commissioner Dombrovskis: Yeah. Well, first, on electrical vehicles. So, indeed, it’s something where we have launched the subsidy investigation. What we are seeing – on one hand, we are seeing prima facie evidence of presence of those subsidies, also in a stage of setting up the entire production chain. And, second, what we are seeing is a risk of injury for EU industry. So over the last two, three years, market share of Chinese-brand electrical vehicles has increased from less than 1 percent to 8 percent, and increasing rapidly. So clearly, this risk of injury there. So that’s why we’re conducting this anti-subsidy investigation. Well, it’s a risk-based investigation. So and also the possible application of countervailing duties is going to be determined by the presence and volume of subsidies, to be countervailed.

So in terms of status of this investigation, the investigation is ongoing. Normally, we should have kind of preliminary findings by summer and definitive findings by autumn. And already following the preliminary findings, if warranted, it allows for imposition of preliminary duties. So that’s more or less the status of investigation. But clearly, it also was our topic of discussions with U.S. in the Trade and Technology Council, because it’s very clear that China expanding – is expanding its electrical vehicles production very rapidly. It’s becoming a very important player, and probably going to become a dominant player in this area. So we need to see what our policy responses to this is.

So from our point of view, our approach is that we are not against the competition in area of electrical vehicles or any other area. But that it needs to be fair competition, based on the level playing field. And in presence of subsidies, that’s what our anti-subsidy investigation will
allow us to adjust. But there, of course, are also broader questions on resilience of our supply chains, on questions related to, again, information security. So it also raises broader questions. And we started actually to discuss it in TTC yesterday. And certainly we’ll be following up on those discussions.

Ms. Benson: Well, we’re both – on both sides of the Atlantic heading into major election cycles this year. We have just two minutes left. And so I would like to invite you each to conclude with your thoughts on the state of play of the transatlantic relationship heading into 2024.

Commissioner Dombrovskis: Well, first of all, EU and U.S. are strategic partners. And in a current geopolitical situation where authoritarian countries are challenging the multilateral rules-based order we have been building up for the last 70 years, it’s very important that we work together. And that democracies continue to write the rules of 21st century. So therefore, we are fully committed to further developing and strengthening transatlantic cooperation.

Commissioner Vestager: Well, what I have seen is that cooperation is also a specific thing. It’s something that humans do. It’s not something that happens because you have administrative agreements or whatever. It’s something that happens when humans know each other, meet, have each other’s phone numbers, mail addresses, and work together to achieve things. And I think that is one of the main takeaways for me from the benefit of the Trade and Technology Council. You know, we have met – Valdis and I – we have met Blinken, Raimondo, and Tai now, six times. We spent a day together. How often does that happen? It happens really rarely. So we’ve gotten to know each other. We trust each other. We’ve had difficult discussions. We’ve had constructive discussions. We’ve found solutions. But even better, we’ve had a system of 10 working groups where people have met, have exchanged, have found solution and pushed things forward, have disagreed, have come together, and found solutions. And that is what a partnership is really about. And that is what we have seen. And we are, of course, fully committed, because we have taken this from a partnership to trust that is deeply rooted. And that is what we can build on, because it also means that when we have disagreement, we can solve it. And that the disagreement that we have do not grow up and overshadow. That we’re in for something bigger, which is a world where democracy prevails, that is open, transparent, and where we can trade with one another.

And I think the steps that we have taken, they’re not complete. They’re not perfect. They’ve not solved everything. But they have definitely been in the right direction. And I think that is the strength for both of us.
Ms. Benson:       Well, what a fantastic note to end on. Please join me in thanking our distinguished guests. (Applause.)

(END.)