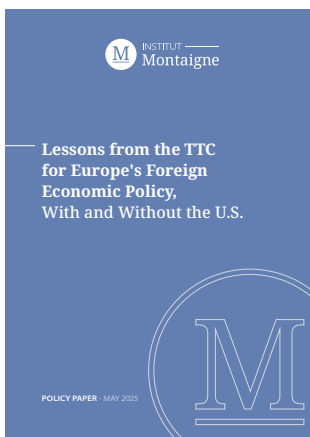


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Lessons from the TTC for Europe's Foreign Economic Policy, With and Without the U.S.



Europe is undergoing a major reassessment of its international positioning. The intensification of trade rivalries, the race for technological supremacy and the growing challenge to the rules of a globally open market require a new approach of economic foreign policies—beyond external trade and monetary policy management. Caught between China, the United States, and likely India in the near future, all unified strategic actors, Europe must decide a new course of action.

The project of “Europe’s foreign economic policy” highlighted by Mario Draghi in his September 2024 report, is meant to bring together European efforts to ensure economic security for the Member States. This calls for a reduction of the vulnerabilities stemming from global trade and financial interdependencies, as well as from geopolitical risks. In practical terms, this means ensuring that Europe maintains access to the resources it needs without making dangerous compromises and regains margins of

action for its defense and development. Member States have now the confirmation that the preservation of their economic interests requires an EU-level approach.

The transition to a more assertive strategy may appear difficult and calls primarily against dogmatism. Piling up normative requirements will be highly counter-productive, particularly in relations with our external partners and in view of the increasing distrust from European societies. If we intend to benefit from the “Brussels effect”, tailored and flexible approaches are required to yield tangible results.

This is the key lesson learned from the Trade & Technology Council, a diplomatic channel established between the European Union and the United States to address urgent economic security issues. Indeed, the following note draws from this experience to advocate a return to pragmatism as Europe continues crafting the tools of its economic security.

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Europe's economic security is increasingly under strain from the rise of techno-nationalism, the fragmentation of global trade and the weaponization of critical raw materials. Navigating this environment demands a clear foreign economic policy, one in which Europe's strategic position between the United States and China is the defining question. Transatlantic coordination on China, once essential, appears in doubt today. Yet Beijing's growing influence, its support for Russia, and its ability to exploit Western divisions are a key issue. In this shifting landscape, trusted partnerships, including with the U.S., are more vital than ever.

The EU-U.S. Trade and Technology Council (TTC), launched in 2021 as a tool for transatlantic cooperation, was a promising response to these issues. It intended to structure transatlantic cooperation on shared economic and technological goals. Less explicitly, it also aimed to foster a unified Western stance toward China—a country whose economic scale, technological ambitions, and assertive posture continue to challenge not only the foundations of Europe's industrial base, but also its global influence and security order. But the recent trade offensives launched by the Trump administration, its open disparagement of Europe and tilt towards Russia have cast doubt on the viability of such coordination. There are currently no credible signs of American openness to a meaningful partnership with the European Union; on the contrary, European overtures have been met with disregard.

A closer look at the now-dormant TTC offers valuable insights into how Europe's foreign economic policy could be strengthened. This note assesses what the TTC accomplished, where it fell short, and what these outcomes reveal about both the potential and the constraints of international cooperation in advancing European economic interests. While the TTC ultimately struggled to produce binding outcomes or establish lasting institutional alignment, it represented a meaningful experiment in bridging political-level dialogue with technical-level engagement. Its agenda revealed both the limits of existing transatlantic formats but also the promise of structured, cross-sectoral cooperation to serve the EU's strategic interests.

Against this backdrop, this note argues that Europe must now act with greater independence and strategic purpose—drawing lessons from the TTC's shortcomings while integrating its more effective elements to strengthen its foreign economic policy framework. Central to this effort is the urgent development of a robust economic intelligence capacity. This will require enhancing internal capabilities within the European Commission. It also calls for improved coordination among Member States on critical technologies, as well as the promotion of tailored intelligence-sharing cooperation with economic security partners such as Canada, Japan, and the United Kingdom.

Transatlantic economic security cooperation should likewise be streamlined—shifting away from overburdened political formats toward sustained, pragmatic technical dialogues between regulators and agencies. A focused, interest-driven agenda remains possible—even without the TTC—particularly in areas where common interests can be pursued, such as semiconductor technology, export controls, LNG, and green hydrogen.

At the same time, Europe must diversify its global partnerships, accelerate trade negotiations, and deepen technological collaboration with existing FTA partners. Looking beyond the United States, Europe should move quickly to finalize trade agreements with countries such as Australia, India, and Indonesia, clarify its position on Mercosur, and pursue accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). It should also establish flexible "Clean Trade and Investment Partnerships" and prioritize securing access to semiconductor supply chains through strengthened ties with key Asian nations.

Regulation should be integrated more strategically in Europe's economic foreign policy, not simply as a narrative stressing the EU's normative power rhetorically, but as a tool to shape emerging low-carbon industrial markets. In particular, internationally aligned carbon footprint standards and other regulatory instruments should be leveraged to enhance Europe's competitiveness in green technologies.

Finally, the note calls for a recalibration of Europe's digital and AI regulatory strategies to achieve a more effective balance: protecting core democratic values within the EU while preserving the continent's capacity for innovation—currently at risk due to regulatory overreach. A stronger political commitment to enabling innovation would, in turn, reinforce the global relevance and attractiveness of Europe's digital regulatory model.

These measures, taken together, are essential for turning the EU's fragmented economic diplomacy into a more coherent and resilient framework—one capable of responding to external shocks, protecting critical sectors, and advancing European strategic autonomy in a rapidly shifting global environment.