

Transatlantic Trade | US and Europe – Week of March 8, 2021

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The United States (US) marked one year of COVID-related restrictions on Thursday, with US President Joe Biden noting the increased vaccination pace across the country and suggesting Americans may return to more normalcy by 4 July. The United Kingdom (UK) Government is also moving forward with its phased re-opening plans, with students returning to schools this week. Meanwhile, the European Union (EU) continues to struggle with its vaccination efforts and vaccine manufacturing capacity in the bloc.

In testimony before Congress, Secretary of State Antony Blinken further outlined the Biden Administration's foreign policy this week. While not coordinated, the US and EU imposed sanctions this week, with the US targeting two Iranian individuals, among others. Separately, France, Germany, Italy, the UK and the US [welcomed](#) developments in Libya this week.

In this issue, we also cover:

- *COVID-19 developments more broadly, with respect to the US, EU, UK;*
- *Updates related to the EU COVID-19 vaccine export control mechanism;*
- *Notable UK, EU and US developments;*
- *Climate change discussions;*
- *A US-EU update and UK-EU trade deal developments; and*
- *Sanctions developments with respect to Burma, Iran, Africa, Ukraine and Egypt.*

COVID-19 Updates | US, EU, UK

Thursday evening, US President Biden marked one year since COVID-19 restrictions commenced in the United States in an [address](#) to the nation. He stated the US is on “war footing” in the Administration’s effort to vaccinate the population, while suggesting Americans could return to a more normal routine by 4 July and related US Independence Day celebrations, if they consent to receiving the vaccine. Toward this goal, he announced that by 1 May, every adult in America would be eligible for the vaccine. Currently, adults over 65 years old, those with certain medical conditions and emergency/essential workers are eligible for vaccines in most states/local jurisdictions.

Since COVID-19 vaccination rates in the EU continue to be delayed in comparison to other jurisdictions, many European officials have been issuing statements related to the vaccination process. European Commission President Ursula von der Leyen [stressed](#) the EU is expected to double to 100 million vaccine doses per month from April onwards, while Internal Market Commissioner Thierry Breton [stated](#) the EU started negotiating with the US to secure US-made supplies for developing COVID-19 vaccines in Europe. The negotiations started on 8 March, and Breton expressed their intention to “work together in a coordinated way to avoid bottlenecks”. The European Commission also confirmed on 10 March that four million additional doses of the COVID-19 vaccine developed by Pfizer/BioNTech would be [delivered](#) to the EU in the next two weeks “to tackle coronavirus hotspots and to facilitate free border movement.”

The European Medicines Agency (EMA) [provided](#) on 11 March 2021 a positive recommendation for the approval of a conditional marketing authorization of the Johnson & Johnson COVID-19 vaccine. The European Commission officially [granted](#) the conditional marketing authorization for the Johnson & Johnson vaccine, making it the fourth approved COVID-19 vaccine in the EU. However, according to media [reports](#), the approval of the one-shot vaccine would not immediately increase the vaccination levels in Europe, since the company is set to start its distribution of the vaccine in the second quarter of 2021.

In the meantime, EMA Managing Board Chair Christa Wirthumer-Hoche has [cautioned](#) Member States who were considering granting or have already granted national approvals of the COVID-19 vaccine Sputnik V before the EMA can review its safety and effectiveness. Wirthumer-Hoche has [stated](#) such decisions could be a “Russian roulette”, which prompted the company producing the vaccine to [request](#) an apology and claimed the comments “raise serious questions about possible political interference in the ongoing EMA review”.

In the United Kingdom, schools and colleges re-opened on Monday, 8 March, in accordance with the Government’s roadmap. Schools and colleges have discretion over how to stagger the return of students to ensure testing and their safe return to the classroom. UK Prime Minister Boris Johnson [noted](#), ***“The reopening of schools marks a truly national effort to beat this virus. It is because of the determination of every person in this country that we can start moving closer to a sense of normality – and it is right that getting our young people back into the classroom is the first step.”***

Update | EU COVID-19 Vaccine Export Control Mechanism & Vaccine Nationalism Accusations

On 4 March, in response to the potential delay in the delivery of vaccines in the bloc, the European Commission [expressed](#) its intention of extending the export control on vaccines to the end of June. Reportedly, France, Germany and Italy will likely support this extension.

European Council President Charles Michel issued a lengthy [statement](#) highlighting the key role of

the EU in the development of COVID-19 vaccines, and addressing misperceptions about the rollout of vaccinations. Michel's statements in particular around the vaccines exportation have sparked controversy. He stated he was "shocked" to "hear the accusations of 'vaccine nationalism' against the EU" without which "it would not have been possible to develop and produce several types of vaccines in less than one year, when it usually takes at least four or five years". Michel further pointed out, ***"The United Kingdom and the United States have imposed an outright ban on the export of vaccines or vaccine components produced on their territory"***, adding the EU ***"has simply put in place a system for controlling the export of doses produced in the EU"***.

Michel's comments further exacerbated relations with the United Kingdom. British Foreign Secretary Dominic Raab [responded](#) via a letter to the European Council President to "set the record straight". He said the "UK government has not blocked the export of a single COVID-19 vaccine or vaccine components," adding, ***"Any references to a UK export ban or any restrictions on vaccines are completely false"***. During an interview with Politico Europe, European Council President Michel [challenged](#) the UK to provide data related to the number of COVID-19 vaccine doses exported. UK Prime Minister Johnson said during an intervention at the House of Commons that he wished "to correct the suggestion from the European Council president that the UK has blocked vaccine exports." He stressed, ***"Let me be clear: We have not blocked the export of a single COVID-19 vaccine or vaccine components. This pandemic has put us all on the same side in the battle for global health, we oppose vaccine nationalism in all its forms."*** On 10 March, the UK Government [confirmed](#), ***"[A] senior representative of the EU's delegation to the UK was summoned to a meeting with the Permanent Under-Secretary of the Foreign, Commonwealth & Development Office to discuss the issue of incorrect assertions in recent EU communications."***

White House Press Secretary Jen Psaki also faced questions at a Thursday [daily press briefing](#) related to perceived vaccine export prohibitions. When pressed by the media about allegations the United States is restricting exports of the Oxford/AstraZeneca vaccine, Psaki noted that the United States has not approved that vaccine, nor has it placed an order for that vaccine. She stated, ***"[A]ll vaccine manufacturers in the United States are free to export their products while also fulfilling the terms of their contracts with the US government."*** Psaki also stressed the Biden Administration continues to prioritize Americans receiving the vaccine, saying this message has been communicated to foreign counterparts.

Notable US Developments

Unlike previous COVID-19 relief packages, the *American Rescue Plan Act of 2021* advanced this week without bipartisan support. Republicans objected to passing the legislation using the budget reconciliation process, which allowed the US Senate to advance the legislation over their unified opposition. The Senate approved an amended version of the \$1.9 trillion COVID-19 relief package (H.R. 1319) on Saturday, 6 March, by a party-line vote of 50 to 49 (with one Republican Senator absent). The US House of Representatives approved the Senate's amended version on Wednesday, 10 March, by another party-line vote of 220 to 211 (with one Democrat joining Republicans in opposition). President Biden [signed](#) the bill into law on Thursday, March 11, ahead of the March 14 federal unemployment benefits expiration date. White House Press Secretary Psaki shared that President Biden, Vice President Kamala Harris, First Lady Jill Biden and Second Husband Doug Emhoff will travel across the country next week to promote the pandemic relief package.

The White House and lawmakers are expected to turn to an infrastructure package, which President

Biden has said is the second step toward helping the US economy recover. Many believe this effort will likely not see momentum until later this summer. Our colleagues – Bill Shuster, former Chairman of the US House Committee on Transportation & Infrastructure, and Rodney Slater, former US Secretary of Transportation – will speak to The Bond Buyer Leaders this coming Monday, 15 March, to discuss prospects of a bipartisan infrastructure package, including the size and scope, how it will navigate the legislative process and how it will be paid. Click [here](#) to register for the livestreamed event.

On Wednesday, 10 March, Secretary of State Blinken testified before the House Foreign Affairs Committee (HFAC) on the Biden Administration's foreign policy agenda. He field questions ranging from future relations with Russia and the People's Republic of China ("China") to the Iran nuclear deal, Middle East policy and border security. Regarding the Nord Stream 2 pipeline project, Secretary Blinken affirmed he and President Biden oppose the Russian-led project, saying it "violates the European Union's own energy security principles, [and] jeopardizes the economic and strategic situation for Ukraine, for Poland as well." HFAC Ranking Member Michael McCaul (R-Texas) advocated for sanctioning 15 entities reportedly working on the project. While Secretary Blinken said, "we continue to review other possibilities for sanctions going forward," he added the project is 95 percent complete and the Administration continues to argue against its completion. Another lawmaker pressed Secretary Blinken on the current insurer of Nord Stream 2, which he said the Administration is looking to see if entities are engaged in sanctionable activity with respect to the project. In response to a question of "whether Russia is a threat to the United States, to our allies, not only in Eastern Europe, but all throughout Europe and to ... U.S. interest," Secretary Blinken said, "Yes."

Secretary Blinken also spoke of the East Mediterranean disputes, saying the Biden Administration has been examining Turkey's actions with respect to the exercise of various claims to territory, maritime areas or energy resources. He noted, ***"[I]t is very important that the United States stand up for and be engaged in advancing the stability and sovereignty and territorial integrity of all parties in Eastern Med and insist that any disputes that arise are resolved peacefully, diplomatically, not militarily and certainly not through provocative actions."*** Secretary Blinken acknowledged that Turkey has more recently engaged with the European Union and others to try to move forward in a more productive way, which he said was encouraging.

With respect to the North Atlantic Treaty Organization (NATO), Secretary Blinken shared President Biden believes NATO is "the glue that joins us to Europe," adding, ***"[T]his is something . . . he has spent a lot of time on himself in the past and he is doing so now as well."*** Secretary Blinken also said the Administration foresees a "very robust agenda" with respect to NATO, such as, ***"[A]dvancing some of the critical reforms necessary to make sure that NATO is well-positioned to deal with ... the challenges of this time at of this moment, including the Secretary-General's efforts to have a new strategic doctrine for NATO."***

Notable UK Developments

Similar to the United States, the UK is also focusing on infrastructure investments as a way to help the country's recovery. On 10 March, UK Prime Minister Johnson sets out his vision to boost connectivity across the UK with improved transport infrastructure at the heart of Government's levelling up agenda. The Government is expected to consult on cutting Air Passenger Duty (APD) on internal UK flights and it will commit £20 million to develop plans for upgraded rail, road, sea and air links. The decision comes after [an interim report](#) related to Sir Peter Hendy's [union connectivity review](#) was published that same day. The UK Government also shared that the consultation on

aviation tax reform, announced at Budget 2020, will be published in spring 2021.

A 10 March [report](#) commissioned by the Department for International Trade reflected nearly 6.5 million jobs in the UK are supported by exports. It also noted median wages in jobs directly and indirectly supported by exports were around seven percent higher than the national median and that more jobs (3.7 million) are supported by exports to the rest of the world than to the EU (2.8 million). This report was accompanied by a new Board of Trade report – [Global Britain, Local Jobs](#) – that prescribes a series of policy fixes to unlock the UK's full exporting potential and propel a trade-led, jobs-led recovery from Covid-19. This includes (1) boosting the UK's role as a global hub for services and digital trade; (2) pursuing new trade deals with large and fast-growing economies beyond Europe, particularly in the Indo-Pacific; and (3) providing greater support to help businesses internationalise, and adopt new export targets.

On 9 March, the Government of Cameroon and Britain [signed](#) an Economic Partnership Agreement. The deal provides certainty for British and Cameroonian businesses, ensuring they can continue to trade without any additional barriers or tariffs.

Notable EU Developments

On Thursday, 11 March, the European Parliament [adopted](#) a resolution on the carbon border adjustment mechanism, calling for all products under the EU's Emission Trading System to be included under the new mechanism. This includes "the power sector and energy-intensive industrial sectors like cement, steel, aluminum, oil refinery, paper, glass, chemicals and fertilisers, which continue to receive substantial free allocations, and still represent 94 % of EU industrial emissions". The Parliament also warned of potential misuse of the mechanism for trade protectionism. The European Commission is still developing the legislation that will define how the mechanism will function, which is expected to be unveiled in June 2021.

On 9 March, the European Parliament [debated](#) the possibility of relaxing EU fishing rules and proposed to adopt measures against countries that do not cooperate with the EU in the fight against illegal overfishing. The proposal is being considered in parallel to ongoing international discussions at the World Trade Organization (WTO) on limiting overfishing.

During the first week of March, EU Member States concluded the fourth round of negotiations on the [proposal](#) to modernize the Energy Charter Act. The EU envisions adapting the agreement toward inclusive global energy transition in alignment with Paris Agreement objectives, which includes gradually eliminating investments in fuel-based energy.

This week, Austria [vetoed](#) the EU-Mercosur trade deal. Consequently, the Portuguese Presidency appears to be exploring an option of introducing an Annex or declaration linked to the deal that would cover sustainability concerns raised by Member States.

On 10 March, European Union High Representative for Foreign Affairs Josep Borrell [stated](#) that "mistakes were made" by EU Ambassador to Cuba Alberto Navarro, after he sent a letter to President Biden demanding the immediate lift of sanctions to Cuba. Borrell, however, has given no formal response on what actions will follow.

On 11 March, the European Union member states [took another step](#) towards imposing sanctions against six countries: Russia, China, North Korea, Libya, Eritrea and Sudan. This decision comes as a response to diplomatic and security issues and could target [a total of 11 officials and four entities](#),

including possibly one Chinese official. The final list has yet to be examined by the Council's working group; the list could face Hungary's veto, as this country has already expressed its position concerning the lack of investigation into alleged responsibility of listed persons and entities.

On 11 March, the EU Parliament [adopted](#) a [resolution](#) strongly condemning the assassination of the Italian Ambassador in the Democratic Republic of the Congo (DRC), Lucca Attanassio. The EU Parliament demanded a transparent investigation and the DRC Government's commitment to identifying and prosecuting involved individuals. Members of the Parliament also condemned human right abuses in the eastern region of the country. The resolution also condemned the death penalty in place in [Bahrain](#) that was used recently against two prisoners; and it condemns the illegal imprisonment of political opposition figures in [Cambodia](#), calling on the Cambodian Government to release these individuals.

Climate Change | US, UK, EU

US Climate Envoy John Kerry visited London, Brussels and Paris at the beginning of the week, reaffirming the Biden Administration's commitment to addressing climate change challenges. In London, he met with Prime Minister Johnson, Chancellor of the Exchequer Rishi Sunak, Foreign Secretary Raab, Business Secretary Kwasi Kwarteng, and President-Designate of the 26th Conference of the Parties (COP26) to the UN Framework Convention on Climate Change Alok Sharma. A [joint statement](#) urged "all countries to take the steps needed to keep a 1.5 degree C temperature limit within reach, including through ambitious nationally determined contributions and long-term strategies to cut emissions and reach net zero." The statement also acknowledged President Biden's upcoming Leaders Summit on Climate and the G7 leaders meeting hosted by the UK will be "critical opportunities to build momentum on the way to COP26 in Glasgow" later this year.

France and the US announced they will be [working](#) together to harmonize the rules on green investments in the US and the EU. France's Finance Minister Bruno Le Maire said, ***"I proposed to John Kerry to have an identical taxonomy between the United States and Europe"***. Special Envoy Kerry stressed cooperation as important to financing green transitions, stating, ***"No one nation can do this on its own"***.

Special Envoy Kerry is bringing [awareness](#) to the importance of environmental and climate change policies, and demonstrating a US commitment to the Paris Agreement and a common and united front with the EU in meeting the environmental goals. Special Envoy Kerry stated, ***"We have no better partners than our friends here in Europe in the EU. It is important for us to align ourselves now, which is what we will discuss today, because no one country can resolve this crisis. It will take every country"***.

US-EU Development

On 8 March, after two years of negotiations within the framework of the WTO, the EU and US closed the [Agricultural Quotas Agreement](#) (AQA). The AQA sets quotas and billions of euros of trade including for beef, poultry, rice, dairy products, fruits and vegetables and wines. European Agriculture Commissioner Janusz Wojciechowski said, ***"This agreement – done inside the framework of the WTO – preserves the original volumes but shares them between the EU and the UK"***. Acting United States Trade Representative María Pagán [said](#) of the deal, ***"I am pleased that we have concluded these negotiations with the EU, marking an important milestone and clarifying an important trade issue related to the UK's exit from the EU. Once implemented, this"***

agreement will provide market access certainty for U.S. producers and exporters to the EU.”

The agreement will be signed and implemented after formal approval procedures are completed by the EU. In parallel, the EU is conducting similar tariff rate quotas apportionment negotiations with twenty-one other partners having rights to access these quotas, and has concluded negotiations already with Argentina, Australia, Norway, Pakistan, Thailand, Indonesia and others.

UK-EU Trade Deal | Updates

EU and UK tensions continue this week. Cabinet Minister and former Chief Brexit Negotiator David Frost defended, in an [op-ed](#), the UK Government’s decision to extend unilaterally grace periods on customs checks in Northern Ireland. Lord Frost stated the EU should “shake off any remaining ill will towards us for leaving, and instead build a friendly relationship, between sovereign equals” and [advised](#) the EU to stop “sulking over the UK’s decision to leave the European Union and work to make Brexit a success”. According to media [reports](#), the EU27 diplomats support the European Commission’s proposal to pursue legal actions against the UK in view of this unilateral decision.

Meanwhile, in light of food scarcity, it has been [reported](#) that Cabinet Minister Frost has requested a review of the timetable for new customs controls on imports from the European Union, “to ensure that we are not imposing unnecessary burdens on business.” According to the plans, animal and plant products will need pre-notification to UK authorities and correct health documents, as well as checks following arrival from April, while full customs declarations will be needed for all goods imported from July onward.

In light of these developments, the European Parliament’s leaders have decided to postpone, for the second time, the decision to announce a date for ratifying the EU-UK Trade and Cooperation Agreement.

Sanction Updates | Burma, Iran, Africa, Ukraine, Egypt

Burma (Myanmar)

On 10 March, the US Department of the Treasury’s Office of Foreign Assets Control (OFAC) [sanctioned](#) two adult children of the commander-in-chief of the Burmese military forces, Min Aung Hlaing, and six companies of these two adult children. Hlaing is considered the “leading actor” in the military coup in Burma. All property and interests in property of the designated individuals and entities, and of any entities that are owned, directly or indirectly, 50 percent or more by them, individually or with other blocked persons, that are in the United States or in the possession or control of US persons, are blocked and must be reported to OFAC.

Iran

On 9 March, the US Secretary of State Blinken [announced](#) the designation of Islamic Revolutionary Guard Corps (IRGC) interrogators Ali Hemmatian and Masoud Safdari for their alleged involvement in gross human rights violations, namely the torture and/or cruel, inhuman, or degrading treatment or punishment of political prisoners and persons detained during protests in 2019 and 2020 in Iran. These individuals and their immediate family members are ineligible for entry into the United States.

Africa

On 8 March, the US Departments of State and Treasury [revoked](#) the license that was issued to Specially Designated National Dan Gertler on 15 January 2021, during the Trump Administration. The Biden Administration claims the license being granted is “inconsistent with America’s strong foreign policy interests in combatting corruption around the world, specifically including U.S. efforts to counter corruption and promote stability in the Democratic Republic of the Congo.”

On 10 March, the State Department [designated](#) the Islamic State of Iraq and Syria – Democratic Republic of the Congo (ISIS-DRC) and the Islamic State of Iraq and Syria – Mozambique (ISIS-Mozambique) as Foreign Terrorist Organizations under Section 219 of the *Immigration and Nationality Act*, as amended. The Department also designated ISIS-DRC and ISIS-Mozambique as Specially Designated Global Terrorists (SDGTs) under Executive Order 13224; it designated respective leaders of those organizations, Seka Musa Baluku and Abu Yasir Hassan, as SDGTs.

Ukraine

On 12 March, the Council of the EU [decided](#) to extend for six months its sanctions targeting those involved in compromising Ukraine’s territorial integrity. This extension applies to 177 individuals and 48 entities; the sanctions consist of asset freezes, travel bans and the prohibition of making state funds available for designated individuals/entities.

Egypt

On 12 March, the Council of the EU [decided](#) to revoke the sanctions against nine individuals identified as responsible for the misappropriation of state funds in Egypt.

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