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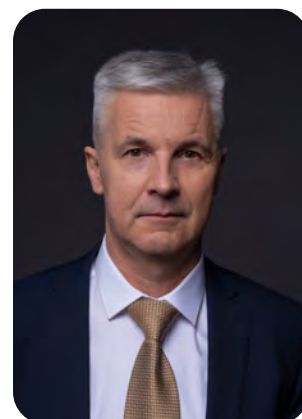
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Trust under strain



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Ukraine's role
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**MINNA
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From trade to
cooperation
in times of
geopolitics



BALTIC RIM ECONOMIES

**The Centrum Balticum Foundation publishes
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Centrum Balticum
Vanha Suurtori 7
FI-20500 TURKU, Finland

www.centrumbalticum.org

centrumbalticum@centrumbalticum.org

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JESSICA GREENBERG, MARIANNE RIDDERVOLD & GURI ROSÉN

A stronger Europe in a weaker transatlantic order

Expert article • 4063

Transatlantic relations have always moved between cooperation and crisis. The Iraq War deeply divided Europe and the US, trade disputes have strained relations, and Trump's first presidency brought open conflict over NATO, burden-sharing and multilateral cooperation. Yet shared interests, strong economic ties, common institutions and a basic commitment to liberal democracy remained in place even when governments disagreed, allowing the partners to manage disagreements over individual policies within a broader and strong relationship.

Our recent co-edited report, *Populism and the Future of Transatlantic Relations: Challenges and Policy Options* published by the European Center for Populism Studies argues that this time is different. Under Trump's second presidency, the transatlantic rift is more severe since it cuts across all the four pillars on which the post-war transatlantic relationship has rested: security, trade and finance, international institutions and shared democratic values. President Donald Trump's questioning of Article 5, threats towards Greenland and changing approach to Ukraine have made the US a less predictable security partner. The US is also more willing to use tariffs and economic pressure against allies, less committed to international cooperation, and increasingly at odds with the EU over international law, democracy and the rule of law.

Today, the country on which Europe relies heavily for its defence also uses trade, finance and, technological dependencies as a source of leverage to enforce its own interests. International institutions are less able to contain disagreements and solve global challenges when Washington is willing to disregard the rules it helped create or even withdraw from cooperation. And as differences over democracy, the rule of law and international law grow, the very value basis on which the transatlantic relationship has rested is now being undermined. The problem is therefore not simply that Europe and the US disagree more over particular policies. The foundations that made such disagreements manageable are themselves weakening.

These changes go beyond Trump and will not disappear with a new US president for two main reasons. First, strategically, while American and European threat perceptions converge in some areas, they do no longer overlap. Washington increasingly focuses on its near abroad, is caught up in the Middle East and sees China as its central long-term strategic challenge. Europe is focused on Russia, dealing with war and insecurity on its own continent.

Second, domestically, political polarization, right-wing populism and growing opposition to international cooperation have weakened the political and value based foundations of the relationship.

The report argues that these domestic political developments may be the most serious long-term challenge to transatlantic cooperation yet. Trump matters not simply because of the policies of one administration, but because the political forces behind him reach beyond one presidency. A future administration may again take a more traditional approach to Europe, but Europeans can no longer assume that the old relationship will simply return.

None of this means that more than seventy years of transatlantic cooperation will simply disappear. Europe and the US remain deeply tied together through NATO, extensive trade and investment, defence-industrial cooperation, technological dependencies and dense public and private networks. On many issues, their interests continue to overlap. These interdependencies create strong incentives for cooperation even as the broader political relationship weakens. The report therefore identifies a weaker form of 'muddling through' as the most likely path for transatlantic relations going forward. In such a scenario, cooperation becomes more issue-contingent, based on the specific interests of either side rather than the broader political and value-based consensus that characterized much of the post-war period. The relationship may therefore become weaker and more interest-based without fully breaking apart.

So what, then, should the EU do going forward? Across the report, the authors argue that the EU needs to continue its quest to become stronger, better coordinated and less dependent on other sectors. It can no longer rely on stable US leadership and must be able to act on its own when necessary. This is what strategic autonomy should mean: It is not about turning away from the US or ending transatlantic cooperation, but about reducing the kind of dependence that leaves Europe unable to respond when American and European interests or values diverge.

That also requires a more unified and firm European position towards Washington. The report argues that the EU should move away from appeasement and respond more clearly when US policies work against European interests. Acting together gives European governments more room to withstand pressure and makes it harder for individual states to be played off against one another. At the same time, Europe should continue to cooperate closely with the US where interests align but be clear about the values and norms it seeks to defend. Democracy, pluralism and the rule of law have been central to the European project and should not be weakened in an effort to preserve transatlantic unity.

A stronger and more autonomous EU is therefore not an alternative to the transatlantic relationship: It may be the best way to preserve it. Europe would be better able to deal with changes in US politics, while also becoming a stronger and more credible partner when the two sides want to act together. Under current conditions, strengthening the EU may be the best way not only to secure autonomy in a more conflictual world, but also of sustaining transatlantic cooperation. ■

The report: <https://www.populismstudies.org/populism-and-the-future-of-transatlantic-relations-challenges-and-policy-options/>

Jessica Greenberg

Head of Department and Professor of
Anthropology
University of Illinois
Urbana-Champaign, USA

2025–2026 LAS Dean's Distinguished
Professorial Scholar
University of Illinois
Urbana-Champaign, USA

Marianne Riddervold

Research Professor
Centre for European Studies
University of Oslo (ARENA)
Norway

Norwegian Institute of International Affairs
(NUPI)
Research Professor
Norway

Senior Fellow
UC Berkeley Institute of European Studies
USA

Guri Rosén

Professor of Political Science
University of Oslo
Norway

Senior Researcher
ARENA
Norway

STAN VEUGER

An uneasy transatlantic truce

Expert article • 4064

The second Trump administration has done significant damage to the transatlantic relationship, which is now marked by suspicion and frustration. The economic side of the relationship is no exception. After the dramatic disruption of Liberation Day, when President Trump announced the imposition of unlawful 20% tariffs on imports from the European Union, the EU and the US negotiated their way to a truce that has now been in place for a bit over a year.

The terms of the truce are lopsided. Under the framework agreed at Turnberry in July 2025, the United States applied a 15% ceiling, inclusive of existing duties, to most imports from the EU, though steel, aluminum, and copper stayed at 50%. The EU, for its part, agreed to eliminate its tariffs on American industrial goods, open its market to a list of agricultural and seafood products, and shelve the €93 billion package of countermeasures it had prepared. The average American tariff on European goods, below 2% a year earlier, is now close to 10%; the average European tariff on American goods approaches zero. Europe accepted this agreement—inconceivable just a year earlier—as the price of stability.

The trade component of the truce also rests on unstable legal ground. The tariffs it was negotiated against were imposed under the International Emergency Economic Powers Act (IEEPA), but the Supreme Court ruled in February that IEEPA does not authorize tariffs at all. The administration then turned to Section 122 of the Trade Act of 1974, under the pretext that the US faces a “large and serious balance-of-payments deficit.” The Court of International Trade declared those tariffs ultra vires in May. The government appealed that ruling, and the tariffs expired after 150 days in late July. Since then, the tariffs on European goods have come from a pretextual Section 301 action against forced labor, over which litigation is ongoing as well.

The tax aspects of the truce have drawn less attention. The House version of the One Big Beautiful Bill Act included Section 899, which would have introduced a surtax of up to 20% on the returns to investment earned in the United States by foreign investors from countries with “unfair” tax practices, including digital services taxes and Pillar Two’s under-taxed profits rule (UTPR). Foreign multinationals from those countries that operate in the US would also have been subjected to a more stringent base erosion anti-abuse tax. Section 899’s taxes would have applied to individuals and corporations based in the European Union. It was withdrawn only after the G7 agreed in June 2025 to exempt American-parented groups from Pillar Two, a concession the OECD’s Inclusive Framework formalized this January. Digital services taxes, effectively a tariff on imports of digital services, remain a point of contention. The first Trump administration found that they are actionable under Section 301, the same provision underpinning the current round of tariffs, and even announced tariffs, which remain suspended. The second Trump administration has not revived them. Yet.

While the threat of measures like Section 899 is a deterrent for European investment in the US, the Turnberry framework nonetheless projected \$600 billion in new European investment in the United States by 2028, alongside \$750 billion in purchases of American energy. Although it has been clear all along that these numbers are fake—the Commission does not invest or buy gas and cannot order firms to—the inevitable failure to hit them may cause renewed tension.

Technology policy is perhaps where the truce is most fragile. At Turnberry the EU committed to address “unjustified digital trade barriers,” but there is stark transatlantic disagreement over what that means in practice. The Digital Markets Act and Digital Services Act are irritants for Washington, which went so far as to ban former Commissioner Thierry Breton from the country. The business strategies and political messaging of American tech firms, especially Elon Musk’s support for Europe’s far right, have long annoyed Europe’s political class.

There is also unresolved tension around transatlantic policymaking toward the semiconductor industry. As in the defense and trade realms, European officials want to cooperate with the US to fend off Chinese (and Russian) threats. At the same time, the line between cooperation and weaponizable dependence is often fuzzy. The MATCH Act would extend American restrictions on chipmaking equipment to ASML unilaterally, while Pax Silica, the State Department’s AI supply-chain club, is at least nominally a voluntary coalition.

Similar concerns circle around other sectors, from payment systems to email and from cloud to AI. It has been remarkable to see center-right politicians and straight-laced central bankers treat the US as, at best, an unreliable legacy partner. We are slowly discovering how stable such a partnership can be. ■



Stan Veuger

Senior Fellow

The American Enterprise Institute for
Public Policy Research
Washington, DC, United States of
America

stan.veuger@aei.org

ANDRES KASEKAMP

No more rules: The end of the transatlantic alliance?

Expert article • 4065

The Transatlantic relationship relies on the rules-based international order established by the US and Western Allies after the Second World War. Rules, however, no longer apply to the behaviour of the United States under President Trump. His approach is purely transactional, and he does not believe in mutually beneficial alliances. He thinks that Europe and Canada have been 'ripping off' the US and now must pay for it. His administration is systematically neutering international bodies, for example by sanctioning judges of the International Criminal Court. Former Estonian President Lennart Meri quipped that international law is the nuclear weapon of small states. Trump, however, is returning the world to the law of jungle where weaker countries are vulnerable to larger predators.

Allies initially believed the best approach for dealing with Trump was to placate and flatter him, exemplified by the self-abasing fawning of NATO Secretary-General Marc Rutte. The US has nevertheless continued to treat its allies worse than hostile dictatorships. Other countries have now learned that making concessions to Trump only leads to greater demands. Canadian Prime Minister Mark Carney was the first to articulate the gravity of the 'rupture' and assert that the old order is not coming back in his speech at Davos in January 2026. This was at the time when Europeans finally realized that Trump's talk of taking over Greenland (the territory of Denmark, a NATO ally) was deadly serious. Trump has subsequently attacked Canada with egregious tariffs and questioned its sovereignty.

Russia's war against Ukraine is the biggest security challenge for Europeans, but they have failed to convince Trump to aid the victim and punish the aggressor. Trump claims it is "Biden's war", not his, despite the US having given security assurances to Ukraine in the Budapest Memorandum of 1994. Nor is Trump in the least bit bothered that legitimizing territorial expansion by force would erode the rules-based international order, including the UN Charter. While Trump's behaviour is generally erratic, one constant is that he never criticizes Russian President Vladimir Putin. It is also obvious that he despises Ukrainian President Volodymyr Zelenskyy for hindering his desired business ties with Moscow.

Paradoxically, the US has successfully pressured the Europeans (and Canadians) to spend more on their own defence, but in doing so has undermined its dominance on the continent. Americans are now upset that Europeans are investing in their own defence industries rather than purchasing American equipment. The new US National Security Strategy aims to support European 'patriots', meaning far-right parties, in order to subvert the unity and power of the EU. The US tech giants fear the European Commission's regulatory power and are using Trump to shield their companies from EU legislation and oversight. Europe can no longer assume that the Transatlantic relationship will return to normal once Trump is gone. Too much damage has been done. And there is no guarantee that the American

electorate will act rationally in the future or that the Democrats (if they are ever able to come back into power) will reverse Trump's detrimental policies.

What does all this mean for the security of Baltic Rim and Eastern Flank NATO countries? Estonia, Latvia and Lithuania are especially dependant on the US since they are the most geographically exposed to a potential Russian attack. To add to the uncertainty, deliveries of ammunition and equipment they procured from the US have now been postponed due to the depletion of American supplies in the US-Israeli war against Iran. The Baltic states have little choice but to hope that the US will return to its senses while making plans for alternatives. They can not publicly speak out about the havoc caused by Trump's policies for fear of the US administration's wrath. They must lie low, demonstrate that they are reliable allies, and prepare themselves for all eventualities. The danger lies in the short term when European military capabilities cannot yet substitute for American ones. In the absence of the US, the primary existing solution is the rapid response Joint Expeditionary Force, consisting of ten northern European NATO members, led by the UK. Canada would be a natural addition to this group of countries, especially in the Arctic.

President Trump's musings about US withdrawal from NATO have caused alarm. However, perhaps an even more dangerous situation would be a US that remains within NATO and blocks the implementation of Article 5 (the collective defence clause) in the case of an attack by Russia on a NATO ally. Effective deterrence depends on the perception of credibility. Moscow needs to believe that the US will actually come to the assistance of its NATO allies if they are attacked. Trump's words, actions, and inactions have made that seem less likely and thus have inadvertently increased the chances of a catastrophic miscalculation by the Kremlin. European allies and Canada might one day even need to come to each others' aid against potential US encroachments – an improbable, but no longer entirely implausible scenario, that would spell the end of the Transatlantic alliance. ■

**Andres Kasekamp**

Professor of History
Munk School of Global Affairs and Public
Policy, University of Toronto
Canada

NIKO PYRHÖNEN

Dealing with an influential ally

Expert article • 4066

European public discussion about foreign political influence has developed around a familiar distinction. Adversaries, particularly Russia, are often covertly but demonstrably seeking to shape European politics from within. Allies, above all the United States, are partners with whom disagreements are managed through diplomacy – even if it is often conducted away from public scrutiny. Under the second Trump administration, this distinction has become increasingly difficult to maintain. Washington has not merely disagreed with European governments over defence spending, trade, Greenland, or Ukraine. It has increasingly taken sides in political conflicts within EU member states. Importantly, the dominant Trump administration narrative – defending freedom of speech and the will of the people against odious liberal elites – increasingly aligns with how the Kremlin justifies its political influence campaigns in Europe. Three recent cases from this year illustrate both the differences in how the two powers exert influence transnationally and the alignment of their near-term political goals in Europe.

The recent election in the German state of Saxony-Anhalt offers an unusually clear example. Russia conducted an information campaign targeting politicians and parties considered hostile to Moscow, while conspicuously sparing the Alternative für Deutschland (AfD) and the Russia-friendly BSW. Parts of the operation were deliberately obscured: fabricated media content was circulated through networks designed to conceal its origins and, in some cases, reached wider German audiences through amplification by American MAGA influencers.

The American involvement was strikingly different in method. Elon Musk had for years publicly promoted the AfD and congratulated it after its landslide victory in Saxony-Anhalt; AfD candidate Ulrich Siegmund thanked him for his support. President Donald Trump soon publicly celebrated the result as well. Russia, too, made little secret of which political forces it preferred, but many of the mechanisms through which it sought influence were deliberately concealed. The American intervention was different above all in its openness. Germany's government responded by stressing that foreign political intervention was unacceptable and postponed a planned call between Chancellor Friedrich Merz and Trump.

During Hungary's parliamentary election in April, this lockstep between Moscow and Washington was even more striking as both pursued their shared goal of keeping Viktor Orbán in power. Even as European authorities warned about Russia-linked information operations spreading fabricated stories against Orbán's challenger Péter Magyar, the Trump administration could take a more direct approach. Following Trump's repeated urging of Hungarians to vote for Orbán, Secretary of State Marco Rubio visited Budapest in a highly publicized show of support. Five days before the election, Vice-President JD Vance travelled to Budapest, appeared alongside Orbán and accused the European Union of foreign electoral interference while openly endorsing the incumbent. Orbán nevertheless lost decisively.

While Russian influence operations characteristically seek to conceal their provenance, the American intervention was much more straightforward to execute: a US vice-president could just stand beside a European prime minister and tell voters which outcome is better for them. The asymmetry of the transatlantic relationship makes such influence quite different from an anonymous bot network or fabricated news story – but not necessarily less politically consequential. Nor does influence simply travel from Washington into passive European political environments.

The Finnish MP Päivi Räsänen's prosecution for inciting against homosexuals had become a cause célèbre in American conservative networks by 2022, when five Republican senators formally requested the US Ambassador-at-Large for International Religious Freedom to monitor the case, calling the Finnish prosecution "alarming". In February 2026, Räsänen met senior State Department officials and testified before the House Judiciary Committee at a hearing explicitly framed around European threats to American free speech. In March, when Finland's Supreme Court convicted her of agitation against a population group, the US Embassy publicly called the decision troubling for freedom of religion and expression, prompting Finland's Foreign Ministry to remind the US ambassador of the independence of the Finnish judiciary.

Räsänen should be understood neither as an American proxy nor as a passive catalyst for foreign propaganda. Rather, her case shows how influence can be co-produced by domestic and foreign actors. Much European public discussion of foreign influence still portrays politically alienated citizens being lured to consume disinformation and propaganda produced elsewhere. Yet an increasingly important vehicle of both transatlantic and Russian influence campaigning consists of actors who possess substantial domestic authority themselves: elected politicians, movements, think tanks and intellectual networks whose interests overlap with powerful actors abroad. The Räsänen controversy illustrates this reciprocal side of foreign influence. Domestic political actors can themselves carry their conflicts – and their audiences – into transatlantic networks, where they may find powerful allies willing to intervene back.

This is now becoming institutionalised. The US State Department has offered grants of between one and three million dollars for European organisations working on priorities including free speech and national sovereignty. According to Reuters, French applicants were excluded partly because Washington feared accusations of foreign interference ahead of France's presidential election. The exception is revealing: the US government itself recognises that such support can cross the boundary between promoting values abroad and intervening in another democracy's political contestation.

Europe has well-developed concepts for dependence on adversaries and equally familiar concepts for cooperation with allies. It is much less prepared to think about dependence on an ally whose government may simultaneously seek to influence European domestic politics. This is where the historically loaded concept of Finlandization may still contain a useful warning. Contemporary Europe is obviously not Cold War Finland, and the United States is not the Soviet Union. The relevant similarity is narrower: sufficiently asymmetric dependence can begin to affect political behaviour even without explicit coercion. As politicians in European countries learn which policies and practices risk provoking costly responses from the more powerful partner, they have strong incentives for avoiding those costs. Such anticipatory adaptation can quickly create path dependencies in which the current moment is never right for pursuing policies that risk costly displeasure in Washington.

The tempting European response is therefore also the wrong one: endure the Trump administration and wait for transatlantic normality to return. A future US administration may indeed abandon many of the current preferences and practices used for pursuing them. But while Europe should hope for this outcome, it shouldn't build its strategy or public narrative around this best-case scenario. Trumpism has demonstrated how much political leverage can be extracted from European dependence when Washington is willing to use it. Europe must not allow that lesson to fade over time.

Paradoxically, a genuinely Europe-friendly administration would provide the best opportunity to address the current dependencies and to reverse some of the most objectionable measures for pursuing American interests in Europe. At the same time, such an administration would also create the strongest temptation to defer building autonomy. If cooperation again works well, measures for building additional defence capacity, introducing technological redundancy, and safeguarding political autonomy can easily begin to appear wasteful or needlessly provocative. Yet a less dependent relationship across the Atlantic can only be conceptualized and measured against scenarios in which European interests do not readily coincide with what Washington is pursuing. The easier part is learning the correct lessons now. The harder part is remembering those lessons when the pressure next relents. Such a moment must be used to establish policies and practices that can prevent backsliding into anticipatory accommodation when a future American administration is again prepared to use existing European dependencies as political leverage. ■

**Niko Pyrhönen**

University Researcher, Docent in
Religious Studies
University of Helsinki
Finland

RICCARDO ALCARO

Transatlanticism from within

Expert article • 4067

Donald Trump's transactional pursuit of US primacy and strongly nationalistic outlook have prompted a reappraisal of relations with Europe among US foreign policy thinkers, while the uncertain standing of US security commitments has prompted similar processes in Europe.

Such debates have in fact extended beyond the narrow remit of the foreign policy establishment into the political arena. Politics has thus acquired renewed centrality in transatlantic exchanges, so much so that the future of the US-European alliance will be severely affected by how ideological imperatives will be reconciled with the hard realities of geopolitics and economic security.

The traditional view of the transatlantic relationship as a political-security community based on common values and shared interests remains alive in the United States, even if no longer dominant. Mainstream Democrats and Republicans continue to regard European states as critical to containing Russia and to US military projection into the Middle East and Africa, while Europe's commercial and regulatory power matters in the geoeconomic rivalry with China. Most of them also value the transatlantic relationship as a liberal-democratic framework through which US global leadership gains more legitimacy.

Democrats à la Biden have tended to frame the alliance with Europe as part of a broader struggle between democracy and autocracy. Atlanticist Republicans, mostly out of fear of incurring in Trump's ire, put greater emphasis on strategic competition with America's rivals. They agree with Trump that the Europeans should shoulder a much greater defence burden but are opposed to a significant downsizing of US military presence in Europe. Mainstream conservatives are cooler than mainstream progressives on greater EU-level integration of defence capabilities and markets, but they both support stronger industrial defence ties across the Atlantic.

The mainstream assumption of Europe's strategic value for the United States is being equally questioned by Trump and the 'new right' movement that has found in him the conduit to move from the fringes to the centre of the political stage.

Trump, who remains very much keen on American primacy, sees European dependencies on the United States in defence, finance, technology and energy as points of pressure that can be exploited. The Trump Administration has accordingly pressed Europeans to orient greater military spending towards purchasing US weapons and increase their imports of US liquefied natural gas (LNG), and imposed tariffs and demanded the repeal of EU laws regulating digital markets and content moderation on social media platforms. Trump has repeatedly questioned the US commitment to NATO, threatened Denmark's sovereignty over Greenland, and stopped direct military transfers to Ukraine. Such tactics have yielded mixed results: the Europeans have agreed not to adopt counter-tariffs and pledged greater imports of US LNG but otherwise have been able to diversify their defence procurement options, strike new trade deals and protect their digital regulations.

Still, Trump's rhetoric has given legitimacy to the proposition that Europeans are a liability in the US conservative electorate, which is where the new right comes in. American national conservatives view Europe the cradle of a Western civilisation defined by history, Christianity and ethnic homogeneity. From their perspective, contemporary Europe has betrayed its inheritance by allowing immigration from foreign civilisations and pursuing the supranational and technocratic project of European integration. This is the ideological root of the US Administration's pledge, included in the US National Security Strategy of 2025, to support "patriotic" forces, meaning anti-EU and nationalist forces.

These forces' conception of the West does not translate into support for the institutions and strategic commitments traditionally associated with transatlanticism. This produces a striking transformation in the meaning of transatlantic relations, the significance of which becomes less strategic and more political. The nationalists' objective is convergence in political battles fought primarily at home – over immigration, identity, "woke" culture and globalist or technocratic elites, as well as the EU. Networks of parties, politicians and think tanks on both sides of the Atlantic facilitate this crosspollination, providing ideas, platforms and mutual legitimisation.

Yet ideological convergence does not eliminate strategic needs. Right-wing nationalist forces in Poland and the Baltic states view Russia very differently from their counterparts in France, Germany or Italy. Economic nationalism can similarly generate conflicts between governments supposedly united by the same ideological agenda.

The Trump Administration's tariffs and challenge to Denmark over Greenland have exposed these tensions. American nationalists can rely on the enormous asymmetry of power between the United States and individual European countries. European nationalists enjoy no comparable advantage when their national interests collide with those of Washington or other European states. The result is the possibility of a transatlantic relationship that becomes increasingly politicised and destrategised: a coalition held together by ideological affinity even when its members disagree about strategic interests.

Europe's mainstream forces have meanwhile responded to the Trump challenge through a combination of accommodation, greater intra-European cooperation and attempts to reduce structural dependencies through EU initiatives. None of these responses offers an easy solution. Accommodation preserves access to US security guarantees but exposes Europe to continued pressure from Washington. Greater EU integration could reduce structural vulnerabilities but faces significant political and institutional constraints. More flexible cooperation among groups of European countries can produce quicker results, particularly on defence and Ukraine, while remaining connected to NATO and the United States. These responses are beginning to change the old Atlanticist-Europeanist debate. Greater European capacity no longer necessarily implies detachment from the United States. It can instead be conceived as a way of preserving transatlantic cooperation while reducing excessive dependence on Washington.

Expert article • 4067

Geopolitical pressures continue to provide powerful incentives to preserve the alliance. This could produce a reconstituted alliance in which Europe carries greater weight and enjoys greater autonomy even if the structural asymmetry with the United States persists. But geopolitics does not automatically trump ideology. A nationalist and confrontational United States or far-right governments in such countries as France or Germany could severely weaken European integration and pull the transatlantic relationship in a very different direction. Europe could become more fragmented and therefore more, rather than less, dependent on external powers – the United States included – and more prone to inter-European infighting. The central tension in transatlantic relations today revolves around this tension between geopolitics and ideology. ■

**Riccardo Alcaro**

Research Coordinator and Head of Global Competition and Geopolitical Risk
Istituto Affari Internazionali (IAI)
Italy

OSCAR WINBERG

Congress, Trump, and transatlantic relations

Expert article • 4068

Since Donald Trump returned to the White House in early 2025, the transatlantic relationship has been tested. After almost two years of turmoil, including unpredictable trade policies, threats against Greenland, and a war against Iran, European confidence in the Trump administration is low. In Sweden, for example, no more than 11 percent of the population have confidence in Trump to do “the right thing regarding world affairs.” The downturn over a couple of years is remarkable, in 2022 over 80 percent of Swedes viewed the United States as “a reliable partner.” Today, that number is 31 percent.

With the spotlight squarely on the executive, the role of the legislative branch is often missing in the public conversation around the United States and the transatlantic relationship. In part, this is indicative of the presidential system and media attention. But it is also the natural result of a Congress, with Republican majorities in both chambers, willing to cede their constitutionally vested authority to their ally in the White House. In November, however, the United States will go to the ballot box with all seats in the House of Representatives and a third of the seats in the Senate up for election. Regardless of the outcome, the midterms could well be a decisive moment for the transatlantic relationship.

While both historical trends and opinion polls suggest that the Democratic Party will win, gaining control of the House and, possibly, the Senate, the outcome is not certain. If the Republican Party exceeds expectations and win enough seats to keep their majorities in both the House and Senate, it will indicate that the United States is content with Trump's leadership. This might look like a continuation of the status quo, but would in fact represent a stark signal that there is no going back to “normal” in the transatlantic relationship. And explanations of Trump's return to the White House that focus on a broad anti-incumbent sentiment in the high-inflation post-covid years would look less credible. As a result, the remnants of the idea of Trump as an anomaly would crumble.

If the Democratic Party wins, however, the calculus changes. A win could come in the form of a “blue wave” that carries the Democrats to majorities in both chambers or in the form of a “blue ripple” that results in no more than a narrow House majority while falling short in the Senate. Either way, a majority in either chamber would give the Democratic Party ways to challenge the Trump administration and reassert the power of the legislative branch. This matters because in his second term Trump has relied on acquiescence from both Congress and the Supreme Court to usurp authority and enact his agenda without being reined in by constitutional checks and balances. Without allies in control on Capitol Hill, Trump will be far more restricted. But confrontations between the White House and Congress could also lead to increasing gridlock and even constitutional crises.

The nightmare scenario, including for the United States' allies in Europe, is unreliable results. This did not use to be a significant concern, but today the Republican Party has embraced false claims of election fraud as part of their political identity. Ahead of the midterm elections, they are rewriting the rules of the game.

Republicans, encouraged by Trump and authorized by the Supreme Court, have redrawn congressional districts and rewritten voting laws with the (often explicit) goal of making sure the party remains in power. Furthermore, Trump has attempted to limit access to the ballot via executive orders restricting mail-in voting. Meanwhile, the president's allies have spoken about deploying paramilitary law enforcement agents to patrol voting locations in a blatant strategy of intimidation and interference in the electoral process.

Even if the vote counts would suggest Democratic victories, Republicans could well challenge the results or even refuse to certify the results in an attempt to remain in power. This was the game plan in the aftermath of Trump's loss in the 2020 presidential election. European leaders have already been forced to walk a tightrope, attempting to safeguard democratic values without provoking Trump, but doctored midterm results inconsistent with the will of the electorate would up the ante and further threaten to erode the transatlantic relationship.

The midterms are often understood as a referendum on the president. This is even more the case than usual with Trump in the White House. After all, he has an extraordinary ability to claim the media spotlight. But the legislative branch is not, and should not, be an afterthought in American politics. More than a referendum on Trump, the midterms will determine the direction of both Congress and the country. As such, it is a pivotal moment for transatlantic relations. ■

**Oscar Winberg**

Postdoctoral Fellow
Turku Institute for Advanced Studies,
John Morton Center for North American
Studies
University of Turku
Finland

TIMO MIETTINEN

The end of US exceptionalism?

Expert article • 4069

When President Woodrow Wilson announced in 1917 that the United States would enter the First World War, he had to persuade the American public that this dramatic reversal was necessary. Only the year before, the Democratic president had campaigned under the slogan “He kept us out of war”, attempting to bring the European belligerents to the negotiating table. Because Wilson refused to identify an ultimate culprit for the war, the gesture provoked particular outrage in Britain and France.

Behind Wilson’s reversal lay a growing distrust of Germany. The country had effectively fallen under the rule of conservative generals. It had launched unrestricted submarine warfare, threatening American shipping.

Yet Wilson was not merely a practitioner of realpolitik. He was driven by a broader progressive vision resting on two central pillars: the right of nations to self-determination and a system of international cooperation. These universalistic ideas found their institutional expression in the League of Nations, which became the central system of collective security established after the First World War. The United States itself, however, never joined the League. The Republican-controlled Senate feared that membership would strengthen the president at the expense of Congress and permanently draw the country in European conflicts.

Wilson’s outlook came to be associated with American exceptionalism: the belief that the United States occupied a unique position as the guardian of international order. Although American foreign policy in practice often fell far short of high-minded idealism, the country continued – at least rhetorically – to justify its power through universal values and principles such as liberty and democracy.

Even in 2015, former vice president Dick Cheney titled his book *Exceptional: Why the World Needs a Powerful America*.

Does the present disorder mark the end of American exceptionalism?

Donald Trump’s “America First” politics is steeped in nostalgia for a lost age of greatness. Yet its deeper ambition is almost the reverse: to relieve the United States of the burden of being exceptional: to turn it into a country like any other, with no claim to moral supremacy and no obligation to police the world.

In this sense, MAGA is a grand project of normalization. Trump is its national therapist, offering America a simple reassurance: you no longer need to be exceptional. You can be normal.

Some trace the death of American exceptionalism back to Trump’s first term. The U.S. pulled out of the Paris climate agreement, walked away from the Iran nuclear deal, and announced it was leaving the World Health Organization. But these moves still came wrapped in a rhetoric of truth-telling: climate change was a hoax, the WHO was hiding what it knew about the coronavirus’s origins. Trump’s second term doesn’t bother with the pretense – decisions no longer need justifying. Period.

Think of the AI-generated video Trump shared on social media, depicting a rebuilt Gaza where tourists gather around golden statues of Trump while bearded belly dancers perform nearby.

There is no longer a great lie, no final mask waiting to be torn away. There are only old masks covered by new ones.

Maybe that’s why satire is losing its grip too. *Saturday Night Live* keeps parodying scenes from the Trump administration, but the sketches don’t land anymore. When power’s own performance is already shameless and grotesque, satire loses its purpose: it has nothing hidden left to expose. The sketch just repeats what power has already put on display itself.

But if Trumpism rejects the Wilsonian idea of an American mission, exceptionalism itself has not disappeared. It survives in the assumption that the United States should remain exempt from the constraints it imposes on others. Alliances can be treated as commercial contracts, international agreements as optional and economic power as a licence for unilateral action. Other countries must take American interests into account, while the United States owes them no comparable obligation.

This is exceptionalism but stripped of universalism. The United States no longer claims a special right to lead because it embodies values shared by humanity. It claims a special right to stand apart because it is powerful enough to do so. The exceptionalism of mission is giving way to an exceptionalism of exemption.

The contradiction is that this transformation may weaken the power on which it depends. Trump’s foreign policy is directed above all at containing China, yet his methods erode the alliances and institutions that make American influence global. The dismantling of USAID is one example. The widening rift with Europe may become another. Trump wants to weaken China, but in doing so he is also weakening the United States.

The question, then, is not simply whether American exceptionalism is coming to an end. We should ask what kind of exceptionalism is taking its place. Trump may be ending the belief that America must be exemplary without challenging the belief that it is entitled to exceptions. ■



Timo Miettinen

HCAS Fellow

Helsinki Collegium for Advanced Studies,
University of Helsinki
Finland

JACOB FUNK KIRKEGAARD

A new and more equal transatlantic relationship is emerging

Expert article • 4070

The election and not least re-election of Donald Trump accelerated the decade old shift away from generally wealth and welfare generation oriented collaborative global economic integration, and towards a world in which both the United States and China focus on a more power and security oriented order. As the European Union and its closely affiliated neighbours represents the deepest regional economic integration in existence and correspondingly has an ingrained belief in and dependency on a rules-based global system, this foundational shift by the United States has disproportionally affected Europe.

Irrespective of what the outcome of the next U.S. presidential election will be, America's electoral system is largely dictated by its fossilized Constitution, and Europe cannot base its future security on just one of what will remain just two political parties. This necessitates the hastening of our ongoing core military and economic efforts to make Europe able to militarily deter Russia without the United States in the long-term. This in turn means continuing the full integration of Ukraine into the EU and relevant coalition of the willing based defence institutions with NATO as a nice to have, but not need to have option.

Europe must continue to economically isolate Russia and in particular implement the permanent end-2027 stop for all imports of Russian fossil fuels. This will, not least due to the Iran War, impose short-term economic costs. Yet these must be countered by continuing investments in renewable energy sources and resilient grid infrastructure, and a pragmatic everything-but-coal energy supply strategy including both traditional nuclear and small modular reactors, as well as fossil transition fuels. Norway, the United States and Canada will be Europe's new key fossil energy backstops.

As Europe's core military dependency on the United States declines, NATO will invariably change from focusing on the American security guarantee to the rest of the membership to becoming an alliance of likeminded and militarily capable nations, agreeing to defend each other and pool some relevant military assets across the entire or subgroups of the membership.

The scope of future asset pooling inside NATO will be directly dependent the broader political and economic transatlantic relationship, and should future American presidents and the next Congresses choose to maintain Donald Trump's openly hostile trade and economic policies towards Europe, it could drop precipitously and even threaten the survival of NATO.

On the other hand, if future U.S. Administrations revert back towards wanting the traditionally intensively competitive, but nonetheless rules-governed transatlantic economic space, Europe and the United States looks likely to be able to jointly fund, develop and deploy the common military and related capabilities, noticeably in space, cyberspace and many military logistical and support function currently utilized within NATO and today most often provided by the United States.

An overall less confrontational future transatlantic economic relationship between militarily more equal NATO members will further facilitate a deeper ongoing alignment on new especially AI, data and other information technology standards, representing together with other G-7 and likeminded countries a more coherent and much larger democratically anchored block when engaging China on these issues.

With Europe via our expanding support for Ukraine well on the way towards its rearmament goal of being able to deter Russia on our own, the political importance of Europe's other ongoing technological dependencies on the United States will perhaps surprisingly diminish. The outright weaponization of Europe's military dependency on the United States that in summer of 2025 led to the unbalanced Turnberry Trade Truce with the Trump Administration will not be repeated.

The United States will soon no longer be able to threaten Europe politically inside a more equal NATO, and European technology choices and ongoing dependencies on American technology firms for cloud computing services, cybersecurity, and AI related services will be taken on purer commercial terms. Recalling that very high percentages of US technology firms' global non-US revenues, as they are largely excluded from the Chinese market, comes from Europe, it is unlikely that these companies would willingly participate in a future hypothetical U.S. government attempt at weaponizing American tech provision to the European economies. Reduced military dependency on the United States invariably derisks our economic relationship, too.

As the global AI race is increasingly between the United States and China, with Europe likely to be a user, rather than a producer of foundational AI models, our ability to choose between the two AI model suppliers without considering political and military dependencies is crucial for actual future European strategic autonomy. ■

Jacob Funk Kirkegaard

Senior Fellow
Bruegel
Belgium

Senior Fellow
Peterson Institute
USA

jacob.kirkegaard@bruegel.org

STEPHEN BLANK

Strategic malpractice: The Trump administration and the decline of America's alliance system

Expert article • 4071

Wherever one looks, in Europe, the Middle East, and Asia, Washington's alliance network is in visible crisis. Although we can ascribe some elements of this crisis to structural dynamics of international relations; its common denominator and driving force are the Trump Administration's egregious strategic malpractice. Neither is this malpractice confined to President Trump. Indeed, it is equally visible at the Pentagon which also owns considerable responsibility for starting a war against Iran with no strategic plan, insufficient magazine depth, insufficient logistical preparation, inadequate defense of U.S. bases in the Gulf, and without sound intelligence assessments or preparation of the battlefield.

The signs of Washington's reckless and thoughtless undermining of alliances that have buttressed U.S. interests, values, and world order for decades appear everywhere. In the Middle East the Administration's misdeeds go beyond those cited above. Washington and Jerusalem attacked Iran without prior warning to or consultation with America's allies in the Gulf. Thus, they had no time to prepare and paid a serious price for their vulnerability by being targeted by Iran and suffering serious economic losses. Worse, the war began with no prior notice while they were negotiating with Iran. Therefore, not only are they increasingly frustrated with Trump, but they now must also contemplate the wreckage of their fundamental security formula. No longer can they rely on American guarantees or U.S. policy so they have begun forming their own regional security association. The Mecca pact uniting Turkey, Saudi Arabia, and Pakistan, whether or not it is an anti-Indian or anti-Israeli formation, clearly betrays Saudi alarm that it cannot count on Washington and therefore must fill the ensuing security vacuum on its own with other partners. Indeed, there are now reports that the signatories [might invite Iran](#) to join the pact.

Similar strategic malpractice is equally present in Asia. Washington has hitherto ignored North Korea's ongoing conventional and nuclear buildup, alliance with Russia, and China's acquiescence in these trends. Trump's sudden announcement of a desire to meet Kim Jong-Un, another gesture made without preparation, was quickly and not surprisingly rebuffed by Pyongyang. But this malpractice hardly ends here. Trump rashly intimated to Chinese President Xi Jinping that defense of Taiwan and arms transfers to it are negotiable. Therefore, after their May 2026 summit, China intensified maritime pressure suggesting a potential encirclement or blockade of Taiwan. Further south, China has increased pressure on the Philippines, seized Antelope Reef in the South China Sea, and fortified it, making it into another military base. Likewise, Russia continues developing its "quasi-alliance" with China, adding to China's threats against Japan. Washington responded tepidly to these developments and speeches by Administration officials highlighting U.S. strategy did not reassure Asian governments about its commitment to their defense.

Meanwhile NATO evidently has no plan should a joint Sino-Russian offensive take place in both Europe and Asia, underscoring further Western malpractice that also typifies U.S. policy in Europe. Trump's main achievement, forcing Europe to increase defense spending, came about by bullying and insults, undermining mutual trust. Then he seriously threatened to attack Greenland, leading Denmark to block runways there. Then the Administration unilaterally announced troop withdrawals from Europe and again berated NATO allies who had not been consulted as required by the Washington Treaty for not supporting the war with Iran.

Lastly the Administration just sent a questionnaire to NATO members demanding answers to the following questions. In particular, [the questionnaire](#) contains the following questions:

- whether the country publicly supported US foreign policy;
- what restrictions it placed on the use of its bases by the American military;
- whether it buys weapons and other equipment from American defense companies;
- whether it opposed rules that restrict contracts with American manufacturers;
- Is it ready to support the Administration's approach to international policy — to act "strongly, clearly, and quietly" (a reference to the statement of Pentagon chief Pete Hegseth).

Separately, Washington also wants to know its allies' position on American military operations in the Middle East. E.g. the Administration asks whether countries are prohibiting use of their bases for strikes against Iran and whether they will lift such restrictions. Washington also wants to get confirmation of allies' defense spending and whether they are buying American weapons rather than preferring European manufacturers. Meanwhile the Administration regularly attacks the EU and Canada, undermining not only inter-allied cohesion, and trust, but also economic competitiveness.

Finally, the Administration continues to chase the fantasy of an accord with Moscow over Kyiv's head and without its participation, presumably in return for illusory economic deals with Moscow. While [Russian officials claim](#) that Washington "demonstrates a readiness for 'constructive dialogue' and an 'understanding of Russia's position'"; the Administration has curtailed military assistance to Kyiv, e.g. air defense interceptors like the Patriot air defense system. Consequently, Russian missiles continue to pulverize Ukraine's civilian infrastructure while [Putin claims that Moscow is winning](#) and [will only negotiate on its terms](#). Thus, the Administration, has failed to bring peace to Ukraine and in another act of egregious strategic malpractice, undermined Ukrainian and European security.

Expert article • 4071

The ubiquity of this incompetence demonstrates that this is what passes for policy in Trump's Washington. No amount of intellectual contortions by Trump's defenders -- and there are many such examples -- can rebut [the fact](#) that virtually every policy undertaken by this administration has weakened the U.S., its allies, and their alliances. Not surprisingly initiatives like the Mecca pact, Japan's upgraded ties with Asian states from South Korea to India and Australia, enhanced Nordic-Baltic cooperation or the Franco-British Northwood Nuclear Declaration share a common apprehension that Washington's misconceived policies [expose them](#) to greater threats than ever before. These "middle powers" have no choice but to act this way and perhaps these initiatives might hold the line against Moscow, Beijing, Pyongyang and Tehran for some time. But if the chief watchman for security quits his post, the other guards ultimately labor in vain. ■

Stephen Blank

Senior Fellow
Foreign Policy Research Institute
USA

www.fpri.org

GARRET MARTIN

Washington's cacophony towards European security

Expert article • 4072

The transatlantic partnership has faced its share of challenges and tension since the return of Donald Trump to the White House in January 2025. And few policy areas have been spared these moments of conflict. This includes the fields where we expected friction, such as over burden-sharing in NATO or threatening to leave the Alliance, the use of tariffs, or how to support Ukraine against Russia's illegal invasion. It has also applied to far more unexpected cases, with Trump's call to annex Greenland and his surprise war against Iran at the forefront.

Granted, crises and episodes of tension are deeply ingrained in the history of the transatlantic alliance, and all American administrations since 1945, Republicans and Democrats alike, have clashed with their European allies. Yet, the second Trump term still stands out as an outlier when it comes to the cacophony of its approach to Europe, and especially in the field of security. Different groups and factions are jockeying for influence in Washington but have done so in a rather chaotic fashion and by outlining rather contradictory expectations for their European partners. At times, Europe has been asked to become more autonomous and self-reliant in defense, and at other moments the US has sent not so subtle signals that it wants its allies to remain pliable vassals.

European allies have understandably showed great confusion and consternation when dealing with the erratic approach of the US, or what some experts have called the 'unstrategic ambiguity' of the Trump administration. There is no shortage of noise coming out of Washington, but decoding which message is relevant and whether the Trump administration will eventually commit to a clear path insofar as European security, will be absolutely critical. After all, Europe is facing very consequential and difficult choices for its future security architecture, which are not likely to be made any easier by the confusion stemming from Washington.

Indeed, for the past decade, Trump has obsessively emphasized the question of burden-sharing, frequently complaining that NATO allies have long taken advantage of the US and not spent enough on defense. In that vein, Trump is expressing the same frustrations of many of his predecessors, even if he is doing it more publicly and vigorously; and he was able to get the Alliance to move, during the Hague Summit in summer 2025, to a new target of 5% of GDP spending on defense and defense related projects.

This has also been accompanied by other important initiatives that suggest a commitment to greater burden shifting. Thus, the US has transferred, in the past year, senior NATO command posts to European allies and the Pentagon launched its Europe Force Posture review in summer 2026, with the goal of evaluating the US basing and troop level presence on the continent. In this context, Washington has repeatedly expressed its preference for Europeans to take greater control and responsibility for their own defense, while the US would have a lighter footprint.

However, this message of greater European responsibility and control has been also repeatedly undermined by very different tunes coming from the US. Several high-level interlocutors, coming from the Department of State and the Pentagon, have explicitly warned European allies that they would only tolerate relative autonomy. In particular, Europe would be asked to pay more for its defense, and take a greater lead, but it would be expected to remain a client; so, any attempt to prioritize domestic weapon makers to the detriment of US companies would invite large scale retaliation.

The tension between wanting to limit its defense burden and protecting its business interests is, granted, not entirely new when it comes to the US approach to European defense. But it is also coexisting with the new 'civilizational' approach promoted by certain influential factions and individuals in the second Trump administration. Thus, Vice President JD Vance's speech in Munich in February 2025, or the December 2025 National Security Strategy, are particularly clear embodiments of this approach, with the latter warning about Europe facing 'civilizational erasure'.

In this situation, the US is viewing Europe as an ally with a shared civilizational heritage, built around geography and Christianity, but which has lost its way because of migration and the negative impact of liberalism. This requires that Washington interfere more in European affairs, to cultivate like-minded political forces that share its same civilizational zeal. Such a narrative from the Trump administration suggests an even smaller tolerance for European autonomy if it deviates in any way from certain values.

Finally, the stated US desire for Europe to be strong and more self-reliant is often further undermined by President Trump's tendency to view the transatlantic partnership through the lens of leverage. Europeans are repeatedly reminded of their dependence on the US, how they owe their ally, and how they will be judged according to their loyalty in all circumstances. That has been particularly on display insofar as the ongoing conflict in Iran.

This confusion emanating from Washington is a real and significant challenge for the transatlantic alliance and European defense. Depending on the camp and context, Europeans are expected to be either a stronger and more self-reliant partner, a dutiful and faithful customer of US defense companies, a civilizational partner following in the US footsteps, or a loyal vassal. None of these options are particularly complementary or would lead to similar choices insofar as protecting European security. ■



Dr. Garret Martin

Associate Dean for Graduate Education
American University's School of
International Service
USA

garretm@american.edu



JASON C. MOYER

Much ado about the U.S. force posture review

Expert article • 4073

The United States is conducting a review of its forces in Europe, signalling potentially the largest shift in America's posture in Europe since the end of the Cold War. Washington announced a six month review of America's troop deployments, equipment, and basing in Europe on June 18. Normally a semi-routine process, this review has taken on a more ominous significance as the Trump administration demands more of European partners, sends mixed signals about treaty commitments to allied defense, and began a new war with Iran while failing to address the ongoing conflict in Ukraine. Importantly, this is not a global review of U.S. forces but one intended to further drive home the administration's goals of balancing burden-sharing with allies.

Understandably, this has led to some anxiety in European capitals. However, the U.S. force posture review will not lead to the clarity Europe desires about U.S. security commitments to the region, nor will it serve as a guarantee of sustained U.S. security engagement. Based on the precedent set by previous reviews, this review will likely lead to a reallocation of forces within Europe, potentially strengthening—or at least not dramatically weakening—NATO's eastern flank. Importantly, the U.S. force posture review offers an opportunity for a frank assessment of critical gaps that need to be filled by European capabilities.

Before becoming Secretary of War, in Hegseth's confirmation hearing he referenced strengthening the United States' posture in the Indo-Pacific, likely at a cost to American forces in Europe. U.S. forces in Europe are regularly rebalanced as the international security environment shifts. The Bush administration's 2004 global review was the largest restructuring of the overseas U.S. military posture since the Korean War, reducing U.S. Army forces in Europe by 30,000 by FY2013. In July 2020, after the first Trump administration's force posture review, Secretary of Defense Esper announced that roughly 11,900 troops would be repositioned out of Germany, with approximately 5,600 moving to other NATO countries. Ultimately, this drawdown did not happen as planned due to the change to the Biden administration. Biden ordered a global posture review in February 2021, reversing parts of Trump's posture review such as removing the cap on U.S. forces in Germany and announcing an additional 500 personnel. Following the 2022 further invasion of Ukraine, U.S. forces in Europe have increased to provide further deterrence, with an emphasis on strengthening NATO's eastern flank with rotational forces.

Although the final results of the ongoing review will not be known until December at the earliest—and even then a public version will not contain precise details—some themes have been publicly

discussed. In the first Trump administration's review, the number of American personnel in Germany was hotly debated. Following German Chancellor Merz's public criticism of the United States in May 2026, the administration announced it would withdraw 5,000 troops in retaliation. In mid-May, Secretary Hegseth announced he was unexpectedly cancelling a 4,000 troop rotation to Poland, despite Poland being a model ally and leader within NATO on defense spending. It was later announced that the 5,000 troops removed from Germany would be shifted to Poland instead. This incident showcased the unpredictability and capriciousness of the administration's approach towards its forces in Europe at a precarious moment in European defense. It is vital to recognize the ongoing U.S. force posture review is not being conducted in a vacuum as Europe responds to hybrid threats and drone incursions.

Europe's frontline states will be impacted more broadly by a lessened U.S. force presence on the continent, however Germany and Italy will likely see the largest drawdown. The Baltic states host heel-to-toe U.S. troops, with precise numbers fluctuating. Poland hosts the largest bastion of U.S. forces of the frontline states. This is not one-sided charity: U.S. troops gain valuable firsthand experience cooperating with allies and bases in Europe are used to support missions in the Middle East and Africa. Further, many European countries—including Poland and the Baltics—have stepped up in the last year to finance the U.S. troop presence in their countries, encouraging the Trump administration to leave them in place.

Despite this significant funding, U.S. troops and basing are one part of the U.S. military footprint in Europe contributing to allied defense. A larger conversation has been ongoing since Trump's return to office around the strategic enablers the United States military provides that Europe lacks, including: ISR (intelligence, surveillance, and reconnaissance), deep strike platforms, strategic airlift, air-to-air refueling, and command-and-control infrastructure. The U.S. nuclear deterrent remains in place and is the ultimate guarantee of allied security, despite France's new "forward deterrence" policy. Some European analysts have made the reasonable request for a timeline or roadmap to replace key U.S. capabilities. Ultimately, even if such a timeline was agreed to by the Trump administration, the conditionality with which the United States applies to European allies makes it unlikely they would honor or respect this roadmap. It is projected to take at least five to ten years for Europe to scale its defense industry and invest in critical enablers to provide for its own defense. It is vital that the U.S. force posture review does not leave Europe in a weakened or vulnerable state, particularly as it is investing in unprecedented ways for its own defense—at least a 20 percent increase year over year since 2022.

Expert article • 4073

The U.S. force posture review is the latest in a series of episodes over the future of America's role in European security. This review will not be the final word in this saga, nor should Europe expect to receive a reprieve for its efforts. Rather than fearing for the worst—a dramatic drawdown of U.S. troops, capabilities, and exposing vulnerability to Russia—this can instead be reframed as an opportunity for Europe to invest more in strategic enablers. Any potential withdrawal by the United States needs to be met by European capabilities to fill gaps and demonstrate deterrence. The U.S. force presence review is not a reassuring move—but it is also not a reason to panic. Keep calm and carry on. ■

Jason C. Moyer

Program Director, Foreign & Security
Policy
Heinrich Böll Stiftung
United States of America

jason.moyer@us.boell.org

NICOLAI VON ONDARZA

A wider Europe of security is emerging

Expert article • 4074

Faced with growing questions about the reliability of the US security guarantee, the EU and its member states are turning to novel formats: new security partnerships and the renaissance of flexible, intergovernmental groups. Neither alone will deliver European strategic autonomy, but together they might be a step towards a greater capacity to act.

A new generation of security partnerships

The first new format is the EU's Security and Defence Partnerships (SDPs) with major partners. Since 2024, the EU has agreed twelve such partnerships with accession candidates and partners from the European Economic Area, such as Norway or Iceland, with like-minded non-EU NATO countries like Canada and the United Kingdom as well as with global partners like Australia, Japan, South Korea and even non-aligned India.

These partnerships are not traditional alliances with pledges of mutual assistance, so they are by no means a direct or even partial replacement for US security guarantees. But they allow closely connected third countries to coordinate with the EU on joint security challenges such as hybrid threats or cyber-attacks and let them join EU exercises, operations or defence-related instruments. Canada is a prime example: Faced with increasing (trade) aggression from the US, Canadian Prime Minister Mark Carney first signed an SDP with the EU. He then negotiated access on this basis to the EU's €150 billion SAFE instrument for defence procurement and shifted major Canadian procurement projects, such as submarines, to European partners. Australia and India both signed new trade agreements and security partnerships with the EU on the same day. Closer cooperation with other partners offers both sides a way to hedge against uncertainty over US commitments.

An emerging 'Wider Europe' of Security

At the same time, the EU is neither the only nor the primary framework for organising European defence. Amid uncertainty about US and NATO security guarantees and the EU's capacity to act in the face of long-standing blockages, European countries have increasingly turned towards bilateral, minilateral and flexible formats since 2022, with the shift accelerating in 2025. According to a [2025 study](#), since 2014 over 160 defence partnerships have been signed among EU countries, the UK and Ukraine, most of them after 2022. Recent examples include additional bilateral mutual defence clauses, such as the 2025 British-German Kensington friendship treaty or a new defence treaty between France and Poland.

European countries have also invested considerable diplomatic resources in various minilateral formats, particularly those involving larger European countries. The most notable is a revival and broadening of the E3 format of France, Germany and the UK, with closer coordination, regular meetings and joint communications on Russia/Ukraine or the Middle East. A broader format is the 'Weimar-Plus' grouping of France, Germany, Poland plus the UK and sometimes

Spain, Italy or Ukraine. Added to this are regional formats like the Nordic Baltic Eight or the Joint Expeditionary Force (JEF) by the UK, the Netherlands as well as several Nordic and Baltic partners, both of which have intensified their security cooperation. At the broadest level, the European Political Community, launched in 2022, and the 'coalition of the willing' in support of Ukraine bring together larger groups of countries in informal settings to discuss European security.

What is emerging in these various formats is a 'Wider Europe' coming together on issues of European security and defence. These flexible groups do not include the US, but stretch beyond the EU or even Europe. The UK plays a leading role alongside France and Germany, while Ukraine is an important participant. Symbolic of this was a recent informal meeting of EU foreign ministers in Ireland attended by ministers from the UK, Ukraine, Norway, Iceland and Canada.

Linking the patchwork

Europe's increasingly complex security architecture reflects doubts about existing institutions and a willingness to experiment. The challenge is to prevent fragmentation and duplication from weakening collective security. Here, the combination of EU Security and Defence Partnerships and the 'Wider Europe' approach could be helpful.

To link the patchwork, the SDPs should be developed further: First, by extending them to the missing major European security partners, Ukraine and Turkey. The EU already cooperates with Ukraine in other ways, but bringing it into an SDP framework could further enhance the growing support and cooperation with Ukrainian defence efforts. Second, by gradually using the SDPs to link major non-EU NATO countries to EU and minilateral initiatives. Full use of SDPs could provide for a broad connection of non-EU NATO countries into EU defence instruments, while smaller groups organise joint projects among willing states. Third, by using the combination of SDPs and flexible formats to move from a bilateral approach to a broader Wider Europe approach. This could bring together the EU, its member states and security partners such as Canada, the UK, Norway and Ukraine. ■



Dr. Nicolai von Ondarza

Senior Fellow

The EU/Europe Division at the German Institute for International and Security Affairs (SWP) Berlin, Germany

Associate Fellow
Chatham House

RACHEL TAUSENDFREUND

Europe in a US grand strategy of restraint

Expert article • 4075

Restraint is not a word that seems to obviously apply to Donald Trump and his second administration. In terms of challenging and calling out allies and partners, and some adversaries there has been quite the opposite of restraint. Also the operation to capture President Nicolás Maduro in Venezuela in January 2026 or the current war against Iran have not been consistent with a more reserved foreign policy. And yet, there are consistent elements of a strategy of restraint evident in the second Trump administrations policy toward Europe. This can be seen in its positioning toward Ukraine as well as the restructuring and rebalancing in NATO. It is important for Europe to focus in on these aspects of current US policy if it wants to understand how a US grand strategy of restraint will affect Europe.

First of all, it is important to explain and define restraint in the foreign policy context. A foreign policy of restraint rejects the role of global policeman for the United States and holds that the United States should ease tensions with adversaries, shrink its overseas footprint and alliance commitments, and set a much higher bar for the use of force. It emerged as a dissenting school in the early 1990s, when the Soviet collapse removed NATO's formal justification and figures like Christopher Layne, Eugene Gholz, Daryl Press and Harvey Sapolsky ("Come Home, America," 1997) argued that "deep engagement" or primacy had outlived its rationale. Barry Posen's *Restraint* (2015) is also a seminal work in the school, from which also the term restraint/restrainer is taken.

Theoretically it sits in structural realism, but in its defensive variant: the core American interest is counterhegemonic, preventing any single state from consolidating a region with the latent economic and demographic weight to rival the United States, which narrows the list of places that matter to Europe and the Indo-Pacific, and the recommended instrument there is offshore balancing — let local states do the balancing first and intervene only if they fail. Two further theoretical moves distinguish it from ordinary burden-sharing complaints. The first is Mancur Olson and Richard Zeckhauser's 1966 collective-action logic, which predicts that in an alliance of very unequal members the largest will systematically overpay and the smaller will free-ride, making decades of American pleading structurally futile and making withdrawal of the subsidy, not persuasion, the only effective lever. The second is a security-dilemma argument turned inward: forward deployments and expansive commitments do not merely cost money but generate entanglement, moral hazard among dependents, and wars that would otherwise not be fought — which is why restrainers count the loss of European staging bases for Middle East operations as a benefit rather than a cost (as Jennifer Kavanaugh and Justin Logan recently argued in *Foreign Affairs*). Restraint is thus distinct from isolationism, which rejects engagement as such; it accepts trade, diplomacy and offshore naval power while rejecting permanent garrisons and open-ended guarantees.

While restraint shares much DNA with the realist school of international relations, there are also progressive arguments pushing toward more restraint. Though it is nascent, there are indications that a more restraintist bipartisan consensus could emerge. The strength of the restraintist trend has to do with the long, expensive, and unsuccessful wars in Afghanistan and Iraq and American war fatigue. Additionally, there are two material pressures often cited — American fiscal deterioration and the fact that China, unlike the Soviet Union, is a genuine economic peer — which is why even analysts who reject restraint on the merits increasingly concede that some version of it is arriving regardless.

NATO 3.0: The implications for Europe

In the context of European security, Elbridge Colby, the undersecretary of war for policy, coined the term NATO 3.0 to indicate what a US strategy of restraint (or at least more restraint) means for European security. In his own formulation at the Atlantic Council in late August: NATO 3.0 will be an alliance grounded in "flexible realism," focused on warfighting readiness, able to deter and defend in the North Atlantic area "even under conditions of simultaneity," with allies taking primary responsibility for Europe's conventional defense. This last bit is the crucial point. The goal is to shift the burden for conventional defense to European shoulders.

A fully restraintist approach would go further. Restraint proper treats the American presence as the obstacle and prescribes removing it on a schedule to force European adaptation. NATO 3.0 treats the presence as leverage. Colby's line is "the United States is not leaving Europe," and he has praised Germany's military strategy as a credible route to NATO 3.0. It should be viewed as a reallocation of responsibilities rather than a US exit. An open question is how much shifting can really happen if the US retains command-and-control. ■



Rachel Tausendfreund

Senior Research Fellow
German Council on Foreign Relations
Germany

TINATIN AKHVLEDIANI

As US alliances fray, Europe gains strategic weight

Expert article • 4076

The United States has traditionally been Europe's most important military ally and one of its largest economic partners. But Donald Trump's second presidency has put the reliance of the transatlantic relationship under unprecedented strain. The question is no longer simply whether the transatlantic marriage is broken - it is. The question is what this rupture means for US influence.

Russia's full-scale invasion of Ukraine exposed just how dependent European security had become on American military power. For decades, Europe could rely on NATO, and ultimately the United States, for critical defence capabilities. Successive US administrations have spent years demanding greater European burden-sharing. Trump's return to the White House has made this demand much harder to ignore. And Europe is now beginning to deliver it. European governments are raising defence spending, expanding domestic production and investing in collective European capabilities.

In that sense, Washington may get exactly what it has long demanded: a Europe that spends more, produces more weapons and assumes a larger share of the security burden. But Europe's security dependence was never only a burden for Washington; it was also a major source of American influence. European states bought American weapons, relied on US military capabilities and often calibrated their policies around the need to preserve Washington's security commitment. As these dependencies diminish, so too will American influence.

The same dynamic is visible in the Arctic. Trump's repeated push to acquire Greenland challenged the assumption that territorial sovereignty among NATO allies was beyond question, producing one of the most serious disputes within the alliance in decades. In response, the EU has stepped up its Arctic policy, while what might previously have been treated as a peripheral relationship has acquired much greater geopolitical significance.

Iceland offers another indication of this shift. Although Icelanders rejected reopening EU accession negotiations in the referendum, the fact that EU membership returned to the political agenda reflected growing concerns about Arctic security and Iceland's search for a more reliable political and security anchor through the EU.

Perhaps the most striking example, however, comes from America's immediate neighbourhood. As Canada's relationship with Washington deteriorates, Ottawa is actively seeking a deeper strategic relationship with Europe. This has already culminated in putting the idea of Canada's 'Associate Membership' on the table. While this remains a concept in search of a legal and institutional framework, its significance goes beyond Canada. It illustrates how a shifting US foreign policy is pushing traditional allies to look towards the EU as an alternative strategic anchor, paving the way to new forms of multilateral cooperation among like-minded partners.

American power has never rested on military and economic strength alone. One of its greatest sources of influence has been its alliances: countries that trusted American leadership enough to organise much of their security, prosperity and foreign policy around it.

As that trust continues to erode, America's allies do not simply become more self-reliant, they also diversify their partnerships, and deepen their ties with Europe and like-minded countries.

And that could prove to be Trump's MAGA paradox: by forcing the EU to take greater responsibility for its own defence, Washington is finally equipping Europe with strategic autonomy. And by pushing its traditional allies to diversify their partnerships, the US is drawing them closer to Europe, ultimately expanding the EU's strategic reach and global influence. ■



Dr. Tinatin Akhvlediani

Head of EU Enlargement Programme at the Centre for European Policy Studies (CEPS), Brussels based think tank

tinatin.akhvlediani@ceps.eu

CREON BUTLER

Europe must take the lead in reshaping transatlantic relations

Expert article • 4077

The early 2020s were in many respects a high point in post war transatlantic relations. In 2021, the US-led G7 was instrumental in reaching the OECD Global Minimum Tax Agreement and in expanding the IMF's resources by \$650bn to boost global liquidity in the face of the COVID pandemic. In February 2022 the G7 announced unprecedented economic and financial sanctions against Russia following the latter's full-scale invasion of Ukraine and went on to mount a highly coordinated campaign of economic, political and military support for the victim of aggression.

The transatlantic alliance also had some serious failures, including the chaotic withdrawal from Afghanistan in 2021 and the fact that the Biden administration only partially relaxed the "national security" metals tariffs imposed on the EU and other close allies by the first Trump administration. The US\$370bn of green funding under the 2022 Inflation Reduction Act (IRA) was welcome action by the US government to limit climate change, but as the support could only be accessed by US-based companies, it also created a major distortion in transatlantic trade and investment.

Nonetheless, close transatlantic cooperation to protect common interests and advance multilateral solutions to pressing global problems was the norm. And even where there were internal differences of approach, for example on how far to confront or cooperate with China, the G7 generally managed to reach consensus on a collective approach. Thus, the Hiroshima G7 leaders' summit in May 2023 for the first time set out the G7's offer to China on economic cooperation.

Twenty months or so after the inauguration of President Trump for a second term in January 2025, the situation has changed beyond recognition.

President Trump has sought to use access to the American market and dependence on the US for defence to extract the maximum economic benefit (at least as he perceives it) for the US from its closest allies. US demands have included asymmetric tariff agreements in which a US trading partner has had to reduce or eliminate remaining tariffs on US products while the US has substantially increased its tariffs on the partner's products. The US has also demanded that some of its partners make investments amounting to billions of dollars in the US and repeal or refrain from imposing taxes on digital services in their home markets. It has also sought to have the final say over whether its main trading partners can have trade and investment agreements with third countries, particularly China.

The Trump administration has effectively withdrawn or considerably weakened its support for a wide range of global public goods. These include pursuit of net zero, global poverty reduction, monetary and financial stability, energy security and global good governance.

The US administration has also sought to undermine support for democratic values and institutions by overtly backing authoritarian leaders and far right political parties. Most seriously, the President has threatened the territorial integrity of two of the US's closest NATO allies, Denmark over Greenland, and Canada, which he has said should become the Fifty-first state.

For the EU, UK and other traditional US allies, the approach of the second Trump administration was an enormous shock. Initially they sought to appease the President and minimise the short-term effects on their economies and security interests. They may have thought that Trump would in time be constrained by other centres of power in the US, notably the Congress, federal courts or the states. They may also have hoped that the negative effects of his policies on the US economy, financial markets and diplomacy would at some point lead to a change of approach.

In line with this the UK was the first major economy to settle the President's "reciprocal" tariff demands in May 2025. It accepted an asymmetric arrangement in which it further reduced its own tariffs versus the US while the US imposed a general tariff rate of 10% on UK goods with tighter restrictions on cars.

The EU is the US's largest trading partner with an overall volume of trade in goods and services between the two entities of \$1.8tn dollars in 2025. As such it was arguably the one trading bloc, other than China, capable of forcing the US to accept an equitable settlement in response to Trump's initial tariff hikes, particularly if it had been willing to deploy the anti-coercion instrument and retaliate on services trade where the US had a large bilateral surplus. In the event, however, it also decided to accept an asymmetric tariff agreement for goods in July 2025, effectively prioritising its security interest in maintaining US engagement in the defence of Ukraine.

These agreements are still broadly in place. But since the start of 2026 the perspective of the US's traditional European allies has begun to change - from one of minimising short-term economic costs to a greater readiness to think strategically about reducing dependencies on the US over the long-term.

The most important factor in this change was President Trump's apparent willingness - expressed in January 2026 - to take control of Greenland by force. There is clearly no value in a defence alliance with a country which is willing to force one of its closest allies to hand over sovereign territory.

Another key factor is the poor judgement demonstrated in the US decision to join Israel in attacking Iran in February 2026. The result has been the indefinite closure of the Strait of Hormuz which previously accounted for 20% of world oil consumption and an increasing likelihood that the Bab al-Mandeb strait providing access to the Red Sea may also be closed. The US attacked Iran without consulting any of its European allies, and yet President Trump has frequently demanded European assistance in restoring access to gulf oil and gas supplies.

A third driver has been the extraordinary dominance of the US and China in the development of AI models and in the related investment boom, while at the same time the US administration has shown a readiness to restrict (albeit so far temporarily) all foreign access to the most advanced AI models. This has led European partners of the US to question whether they can afford to allow their economies to become highly dependent on US technology.

Fourth is the realisation that President Trump does not feel in any way bound to adhere to trade agreements that he has signed. None of the new tariff agreements have been enshrined in US law and there are several situations where the President has simply ignored his own previous agreements by threatening or imposing new tariffs. In the latest failed negotiations with Canada, the administration sought an agreement which it could effectively cancel at any time.

Lastly, while the US courts have sometimes overruled the administration - most notably by outlawing the initial wave of reciprocal tariffs based on the IEEPA legislation - US allies are increasingly taking the view that there is only a limited chance of the US reverting to its pre-Trump relationships. The Democrats may take control of one, or even both, houses of congress in November 2026, but even if they are able to pass legislation - e.g. to end the war with Iran - the President will in most cases be able to use his veto. Meanwhile the President will be able to continue signing Executive Orders that test the limits of his Executive Power with lengthy delays before he is restrained by the courts. He may also ignore subpoenas issued under Congressional investigations. Even if a Democrat were elected President in 2028, they may be unwilling - or unable - to unwind many key Trump policies on trade and immigration.

But while Europe is finally confronting the need to end its dependent relationship on the US, it has not yet defined a clear course for achieving this. Decisions are urgently needed by leading European nations on two points.

First, EU member states and the UK, should move as quickly as possible to end the leverage the US currently enjoys through its provision of essential defence and security assistance. This is because President Trump could withdraw from NATO (de facto, if not formally) at any time. He may also try and force Ukraine to accept a peace settlement with Russia which concedes more than is necessary or acceptable, with disastrous consequences for both Ukrainian and broader European security. He could also demand Europe abandon efforts to tax and regulate US tech platforms and the AI industry in areas that were essential for the continent's security, political stability and long-term prosperity.

Second, the EU should develop its alliance with the Comprehensive and Progressive Partnership for Trans-Pacific Partnership (CPTPP) to become a "third pole" in the global economy. This would be an economic space - without the US or China - accounting for more than 30% of global GDP and close to 50% of world trade in which WTO rules and other aspects of the global rules based economic system could be fully respected. The EU could as an alternative pursue a much more limited vision in which it sought to secure its prosperity through a "fortress Europe" approach. But this would not serve its long-term economic or diplomatic interests.

Incorporating these two key elements in Europe's future approach to transatlantic relations is the best way to safeguard Europe's long-term economic and foreign policy interests. But it would also not prevent the emergence of an even stronger alliance between the US and Europe if the US at some point reverted to its pre-Trump outlook on the rest of the world. An alliance built from two broadly equal political entities is likely to be stronger and more resilient than one built around heavy dependence of one group or the other. ■



Creon Butler

Director
Global Economy and Finance Programme
Chatham House
The United Kingdom

DOMINIC ALEXANDER BOUCSEIN

Navigating and stabilizing a changing EU-US economic relationship

Expert article • 4078

EU-US economic relations are a cornerstone of the global economy and at a time of heightened global volatility, our economic relationship with the United States is as important as ever to drive innovation and prosperity on both sides of the Atlantic. Despite recent turbulences, transatlantic trade is robust, and over the years our economic relationship with the US has been growing consistently. It supports millions of jobs in the United States and in Europe through investments, trade, and cutting edge innovation.

In fact, transatlantic trade and investment relationship is the most important and most integrated one in the world, representing almost 30% of global trade in goods and services and 43% of global GDP. EU-US trade in goods and services reached an impressive €1.7 trillion in 2025. That means €4.6 billion worth of goods and services cross the Atlantic between the EU and the US every day. At the same time, according to 2024 data, EU and US firms have €4.8 trillion worth of investment in each other's markets. Therefore, it is very clear that any deterioration in the economic relationship between the EU and the US will have very significant negative effects on both sides, undercutting growth, jobs, productivity and joint efforts to tackle common challenges.

It is of course undeniable that US trade policy, has shifted significantly since the start of the second Trump administration. A series of tariff measures have since been announced and enacted, and continue to emerge, ranging from initial reciprocal tariffs under IIEPA, which have since been struck down by the US Supreme Court earlier this year, to Section 232 measures on grounds of national security, to Section 301, and the list goes on. What the tariff threats and enacted tariff measures all have in common is additional costs, increased administrative and compliance burdens for businesses, and uncertainty in the trading relationship with our most important economic partner.

This comes at a time when rules-based trade has been eroding globally, putting internationally active businesses at risk. European chambers recent chief economist group's report on the damaging effects of trade policy uncertainty clearly goes to show the significant negative impact on business investment in Europe, with export-oriented countries feeling the brunt of the effects. Moreover, given that the impact builds over time, the full consequences of this uncertainty are still unfolding. At the same time, without the necessary investment, Europe cannot become more competitive, deliver sustainable growth, or the needed jobs.

In this sense, the EU-US Turnberry agreement from July of last year achieved some needed degree of certainty at a time when we saw great volatility in transatlantic relations, but it didn't restore full predictability. The capped asymmetrical tariffs are significantly higher than US average tariffs were before the Trump II administration took office, implying extra costs for consumers and businesses in already challenging economic times. But the alternative, a tariff escalation

with the US, would have been considerably worse. The EU-US joint statement following Trunberry outlines a series of very useful future elements for transatlantic collaboration, including on important shared topics for European and American businesses, such as access to critical raw materials. With Turnberry implementation well on its way, it is now essential that a constructive momentum between the EU and the US is upheld in the coming months to keep stabilizing transatlantic economic relations and find solutions to some of the remaining challenges.

As business, we keep underscoring the strategic importance to both sides of EU-US economic relations, and the need for continued business to business partnerships, something which is only growing in importance in sustaining and strengthening mutually beneficial and overall balanced commercial relations between Europe and the United States, at a time when political relations are getting more challenging.

For our international economic and trade relations overall this also means that European businesses need stability, and increased resilience through diversification. Every trade agreement – of which Europe has established more than 40 with more than 80 trade partners to date – is a step towards new markets, diversified supply chains, reduced dependencies, and predictability, due to fair rules based trade. The EU-India trade agreement for instance, once ratified, has the potential to open a 1.4 billion consumer market to European businesses, with EU exports to the subcontinent expected to double by 2032 according to studies by European Commission. The highly important EU-Mercosur agreement has been provisionally applied for a few months now, and is finally bringing two of world's growth centres closer together after more than 20 years of negotiations. The EU-Indonesia, the upgraded EU-Mexico or the EU-Australia agreements have also been concluded and are awaiting ratification. All this goes to show that Europe remains a viable global player. Delivering on trade agreements and effective and pragmatic partnerships with third country partners, must remain a fundamental pillar of EU foreign economic policy, contributing to the global competitiveness of our companies. It also signals that Europe is not sitting on the sidelines while other global players seek to extend their influence.

And after all, continuing to strengthen Europe's own competitiveness, innovation and productive capacity remains our best answer to face global headwinds and heightened uncertainty. ■

Dominic Alexander Boucsein

Head of International Trade and Economic Security
Eurochambres - the Association of European Chambers
of Commerce and Industry
Brussels
Belgium



JIM CLOOS

Europe and America: emancipate, rebuild

Expert article • 4079

Europe faces many challenges; the most consequential is the future of its relationship with the United States. The stakes are high: the two economies are deeply intertwined, while Europe's post-war history has been built around the transatlantic alliance and NATO.

There have been serious disagreements before. The Iraq war in 2003 divided Europeans and Americans, sometimes bitterly. Yet the disagreement did not destroy the alliance, nor did it spill over into economic relations. The post-war transatlantic relationship was a remarkable success. Successive American administrations encouraged European integration because they had an interest in a stronger Europe.

Inevitably, as the EU developed, competition increased. Airbus and Boeing, agricultural exports, GMOs and regulatory standards generated repeated friction. But these were disputes between partners who shared a broader strategic framework.

This time is different. The second Trump administration is not simply pursuing different policies. It is challenging some of the assumptions on which the post-war Western order was built. It treats alliances more transactionally, puts unprecedented pressure on European allies, imposes tariffs on European exports and challenges values that Europeans consider fundamental.

It also no longer offers the same degree of certainty about the security relationship. Its approach to Russia's war against Ukraine has created profound unease about the future of American engagement.

The messages coming from Washington are unsettling. Europeans are asked to pay substantially more for their own defence, while continuing to buy American. They must shoulder a larger share of support to Ukraine, while Washington seeks preferential access to Ukrainian resources. And they are expected to align with the United States on major geopolitical issues, including China, while receiving fewer security assurances in return.

This is not a fair bargain. It sounds like vassalage without a counterpart.

There are still Europeans who hope that, once Trump is gone, Washington will return to the familiar relationship. But European policy cannot be built on the assumption that the past will return.

The Turnberry agreement was a revealing example of the old reflex. The way it came about projected an image of a Europe accepting terms defined elsewhere.

The Europeans must define their own interests and defend them. This does not mean a rupture with America. It means emancipation.

The world has changed. The period of overwhelming Western dominance that followed the collapse of the Soviet Union in 1991 is coming to an end. The international system is increasingly multipolar, marked by shifting alliances, power politics, weaker multilateral institutions and intense economic and technological competition.

In this world, Europe and the United States will no longer constitute a single political pole. Europe will have to act as a pole of its own, alongside partners such as Canada and other like-minded countries.

This is actually not a new concern. Charles de Gaulle repeatedly warned against European dependence on the United States. But he was not alone. In a speech on 2 October 1956, Konrad Adenauer made the same point. Europe, he argued, could not indefinitely expect to find its security through American patronage; nor could the United States reasonably be expected to carry the burden of European security forever.

Once the Soviet threat had disappeared, Europe could have progressively transformed its relationship with Washington, building a stronger EU-US partnership alongside NATO rather than continuing to rely overwhelmingly on American power. It did not. This was a wasted opportunity.

The concept Europe now needs is strategic autonomy. It means better resilience and the capacity to make decisions and act without excessive dependence on another power.

That requires a profound change of mindset.

Yes, Europeans will have to spend more on defence. But increased spending should lead to a stronger European defence industry and reduced dependencies. If there is to be a future for NATO, it requires a strong European pillar.

Yes, Europe must continue to support Ukraine. But Ukraine's future should be anchored in the EU rather than becoming an object of external economic bargaining.

Yes, Europe must reassess its relations with China and seek a fairer economic relationship. But it must do so on its own terms, rather than being an auxiliary of the American strategy to preserve primacy.

Yes, Europe should continue to trade, invest, and cooperate with America. But if Washington uses tariffs, financial leverage or other forms of economic pressure against European interests, the EU must have the capacity and the will to respond forcefully.

This requires a hard-headed assessment of Europe's strengths as well as its weaknesses.

Europe tends to underestimate the former and exaggerate the latter. The EU remains one of the world's largest economic and trading powers. Its Single Market is an extraordinary achievement. Its regulatory influence is considerable. Its political model, based on free choice, mutual respect, democratic institutions and the rule of law, remains an important source of soft power.

But the weaknesses are real. The United States has outpaced Europe in economic growth and retains an exceptional capacity for innovation and value creation. The dollar's dominance gives Washington enormous leverage. American technology companies dominate the digital economy. Europe has developed new energy dependencies, including on American LNG. In defence, its reliance on American capabilities remains substantial.

These dependencies will not be eliminated overnight. Nor should Europe try to eliminate every dependency. The objective is not independence; it is the ability to choose.

A Europe capable of defending itself, financing itself, innovating, producing critical technologies and acting politically is potentially America's best long-term partner. There is a paradox at the heart of the current crisis: standing up to Washington may be the best way to preserve the transatlantic relationship.

Europe cannot cling to the illusion that the traditional relationship will somehow return. It should recognise that the world has changed and act accordingly. That means enhancing its autonomy and defend its own interests and values. Europe needs a relationship with America in which both sides freely choose each other. ■

Jim Cloos

Senior Associate Fellow
The Royal Institute of Egmont
Brussels, Belgium

NIKLAS HELWIG

Europe's costly transatlantic dependence

Expert article • 4080

When European Commission President Ursula von der Leyen delivered her annual State of the European Union speech this September, she used the occasion to send an indirect but clear message across the Atlantic. Sitting in the chamber of the European Parliament in Strasbourg was Canadian Prime Minister Mark Carney. His presence was no coincidence. It underlined a broader European message: relations with the US have fundamentally changed, but Europe is not alone. The EU wants to deepen cooperation with partners that share its interests and principles and that it considers reliable.

However, despite this messaging, the EU's dependence on the US runs deep and is causing headaches in Brussels. What once resembled a marriage, marked by disagreements but held together by trusted routines and institutions, has become a more transactional relationship in which both sides are increasingly prepared to pursue their own interests. Yet the EU and the US remain deeply connected by economic, political and, above all, security ties built over decades. Navigating this new geopolitical reality requires Europe to come to terms with several uncomfortable realities.

First, the US will remain an indispensable partner for European security for the foreseeable future. Russia's war against Ukraine has highlighted the continued importance of American military capabilities, intelligence and political leadership. European allies are investing heavily in defence, but important capability gaps remain. For Finland and the Baltic Sea region in particular, credible deterrence and defence continue to rely on a strong US commitment to NATO.

Second, however, this dependence increasingly comes with a geopolitical price tag. The Trump administration has demonstrated a greater willingness to link different areas of the transatlantic relationship, as the Turnberry agreement on transatlantic trade showed. Security guarantees, defence spending, trade, technology regulation and support for Ukraine can all become part of the same political bargaining process. Europe's dependence on the US in security therefore risks limiting its freedom of manoeuvre in areas in which the EU would otherwise possess considerable economic and regulatory power.

Too painful to stick together, too important to abandon - this is why the debate about European strategic autonomy should not be reduced to a choice between Europe and the transatlantic partnership. Strategic autonomy is not about achieving complete independence from Washington. It is about the capacity to make strategic choices: cooperating with the US wherever interests coincide, while retaining the ability to act when they do not.

The EU consequently needs to weigh more carefully both the benefits and the costs of dependence. Open confrontation with Washington can be expensive, particularly at a time when US support remains essential for Ukraine and European deterrence. But excessive accommodation carries costs as well. If the EU repeatedly refrains from defending its interests because it fears consequences elsewhere in the relationship, its international credibility suffers. It also risks legitimizing coercive transactionalism as an effective approach of US politics towards Europe and thereby worsening the long-term prospects of the transatlantic relationship. At home, the perception of European weakness can further strengthen political forces that question both European integration and the liberal international orientation on which the EU has traditionally relied.

The answer is therefore not disengagement from the US, but a systematic reduction of critical dependencies. In defence, Europe needs stronger intelligence, command-and-control structures and military capabilities of its own. Economically, it requires deeper Single Market integration, greater competitiveness and a stronger international role for the euro. Politically, European governments need to develop the capacity and willingness to act collectively rather than allowing individual member states to obstruct common EU action on vital geopolitical questions.

Greater European capacity would ultimately strengthen rather than weaken the transatlantic partnership. A Europe able to shoulder more responsibility for its own security and defend its economic and political interests would be a more capable partner for Washington. It would also make continued US engagement in Europe easier to sustain politically.

This is particularly important for Finland and the wider Baltic Sea region. Nordic-Baltic defence cooperation has grown dramatically, but regional deterrence still rests on a transatlantic backbone. Strengthening European capabilities therefore should not be understood as an alternative to the American security guarantee. The objective is to ensure that Europe contributes more to that partnership while becoming less vulnerable to changes in Washington. This is also the message behind Mark Carney's presence in Strasbourg: without turning away from the US, the EU is seeking to broaden its partnerships and strengthen its own capacity to act. ■



Niklas Helwig

Leading Researcher
The Finnish Institute of International
Affairs
Finland

ANNA KRONLUND

US and Europe in the era of great power competition

Expert article • 4081

Transatlantic relations are primarily a post-World War II phenomenon. They have been founded on the idea that the US and Europe have shared not only similar values such as democracy, rule of law and human rights but also similar interests, including trade and investments. Transatlantic relations have worked as a theoretical framework for the “West”.

While the explanations for forming the alliance have varied, the United States and Europe have long been considered close allies, both committed to liberal or rules-based order. The relationship was further institutionalized through NATO. Transatlantic relations can be both understood as a framing in foreign policy discourses and in more pragmatic terms in supporting policies and institutions in both formal and informal settings. This includes EU-US summits or Transatlantic legislators’ dialogue between the European Parliament and US Congress’ delegations.

Although the current status of relationship is somewhat in a dynamic shape, it has experienced ups and downs before. For example, the Iraq War in the early 2000s, the failed TTIP free trade agreement negotiations in 2016, or the US pivot to Asia during the Obama presidency generated debate about the state of shared values and interests, as well as the US commitment to Europe in terms of security and economic cooperation. Nowadays, discussions have focused on trade tariffs, US-Iran conflict, the support for Ukraine and developments in Greenland, to mention a few. By the current US administration, the EU is viewed more as a competitor than an ally.

The fragmentation of the world order, different domains of power and the changing forms of cooperation are also having an effect. The US approach towards multilateralism and international organizations, in addition to its voting and actions in the United Nations, proposes a growing divergence between the two. The world where the US and EU operates has, of course, considerably changed since 1945 and especially after the end of the Cold War, further having an effect to transatlantic relations. Whether this development originates from the US policy or from broader trends remains a question. Different scenarios have been provided about the future of cooperation, and some might argue that the whole idea of transatlantic relations is in the past already. Increasingly countries are seeking alternative formats for action, which could be more interest than value based, resembling more bilateralism or minilateralism instead of multilateralism.

In transatlantic relations, the argument of like-mindedness seems to be disappearing. It also appears that there are no shared interests anymore. A recent and illustrative example is the latest US National Security Strategy published in late 2025, which mentions transatlantic relations only once, from the perspective of economic relations. At the same time, discussion about Europe focuses on values or the derogation of Europe as a continent. According to the strategy, the US focus is on Western Hemisphere and Europe is mentioned only as a third region after Asia. The relationship is marked by distinct national interests and the constraints of domestic politics. This applies to European countries as well.

Talk of sovereignty has also reemerged in international politics (if it ever was absent). This applies to both the US and Europe but perhaps increasingly so in the new domains or policies. The changing environment, great power competition and politics have intensified claims for Europe to reduce its dependencies in critical areas. More and more, technological development and deepening digitalization are shaping relations among the countries, including the relations between the US and Europe. Centre on Regulation in Europe publication from year 2022 estimated that European countries are heavily digitally dependent on foreign countries, the dependence notably being on the US. To reduce EU’s dependency and to increase its autonomy, European Commission introduced the European Technological Sovereignty package in June 2026, which includes two legislative proposals, explicitly concerning AI and semiconductor chips. Whether framed as sovereignty or strategic autonomy, the EU has increasingly taken political agency in different political domains to have more leeway as has been discussed in the IR literature also previously.

US and Europe have had different views on regulation. A recent EU action towards US big tech companies caused US lawmakers to ask President Trump to take action. Regulation can be seen as a way of promoting your own agenda and territorial authority in a highly interconnected world. The EU has limited resources and capabilities to have dominance in comparison to the US in terms of hard power or technological advantages. The question is then, how to strengthen Europe and one possible answer could be regulation, as the EU provides a platform for it.

In early September 2026, a new legislative effort by Senator Bernie Sanders (I-VT) and Representative Greg Casar (D-Texas) “Ban Artificial Superintelligence Act” would encourage pausing AI development until there are rules provided by the federal regulator. The proposal also interestingly highlights the need for the US to pursue an international agreement concerning developments in other parts of the world.

There are also examples of finding a common ground in new policy areas like digitalization and technology in international forums. For instance, the United Nations General Assembly has previously established the Independent International Scientific Panel on Artificial Intelligence, which published its first report in 2026 to help the UN member states steer rapidly changing technological challenges.

The future of transatlantic relations will be defined by the interests of Europe and US, in addition to peer or reference groups in which these are best advanced. If the traditional idea of partnership may have gone, cooperation in a more functional form could be still possible where the values are replaced with interests-based cooperation formats. ■

Anna Kronlund

University Lecturer in Political Science
University of Turku
Finland

anna.kronlund@utu.fi

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CORA JUNGBLUTH & ANIKA SINA LAUDIEN

Europe in 2035: Preparing for many orders

Expert article • 4082

The world order has become structurally volatile. No one knows what new (dis)order will emerge over the next decade – or what it will mean for the European Union. Strategic foresight can help EU decision-makers navigate this uncertainty by exploring plausible futures and identifying strategies that remain viable under different conditions.

Drawing on a 2025 scenario process conducted by the authors with the Fraunhofer Institute for Systems and Innovation Research ISI and experts from business, academia and politics, this article presents six possible world orders for 2035. Rather than forecasting the future, these scenarios map the range of geopolitical environments Europe may face, differentiated by the number of power centres and their degree of stability.

Scenario 1: World Order Made in China

China dominates a Sinocentric order as the United States retreats from international leadership. Regional formats and authoritarian alignments, including Russia, Iran and North Korea, support Beijing's hegemony. Global value creation, innovation and key technologies are concentrated in and around China, which exploits resulting dependencies without offering firm security guarantees.

Scenario 2: America Great Again

China has failed to stabilise its economic and political model, leaving the United States as the leading global power. US hegemony rests on military and financial superiority, while NATO has become irrelevant. Washington reinforces economic and technological dependencies, climate policy loses priority, and access to strategic raw materials serves US interests.

Scenario 3: Two-Men Show

After escalating tensions, China and the United States settle into a fragile "G2" based on deals, power politics and deterrence. The global economy splits into rival technological and economic ecosystems as value chains decouple and inequality grows. Universal rules and multilateral institutions lose influence, while security and climate policy follow bloc logic.

Scenario 4: Five-Body Problem

The United States, China, Russia, India and the EU form five competing power centres. None dominates; stability depends on mutual vigilance, mistrust and shifting coalitions. All five are heavily armed and pursue strategic autonomy. Trade, value chains and innovation are increasingly organised and protected within blocs.

Scenario 5: Authoritarian International

A network of illiberal governments has replaced the liberal order. China, Russia and the United States form its core, joined by numerous states – including populist-led European countries – and seek to undermine remaining liberal democracies. Corruption, clientelism and national isolation shape the economy; innovation serves security, while climate policy focuses on national adaptation and large-scale technical interventions.

Scenario 6: Beyond States

Non-state actors have gained considerable power. States remain, but multinational companies, tech billionaires, oligarchs, cartels, megacities, NGOs and social movements operate through fluid, transactional networks. Security is increasingly privatised, companies and cartels assume state functions, and global trade structures have fragmented.

Common Challenges Across All Futures

Despite their differences, all six scenarios point to one conclusion: the EU cannot rely on a stable international order or external protection. Four priorities will determine whether it remains a geopolitical actor in 2035:

- 1. Effective decision-making:** Overcome deadlock through strategic use of multilateral formats based on shared values, while deepening partnerships with (like-minded) third countries.
- 2. Credible deterrence:** Strengthen European defence through closer integration of national forces, joint procurement and innovation, and coordinated investment—in close cooperation with NATO.
- 3. Strategic resilience:** Prioritise critical industries and technologies, build European ecosystems and make the EU indispensable in selected market and technology niches.
- 4. Social sustainability:** Reinforce cohesion through credible narratives that legitimise reforms and offer direction during difficult transitions.

Expert article • 4082

Preparing for Uncertainty

These priorities share a common goal: strengthening Europe's capacity to act across different futures and respond to unexpected developments. This challenge is not new; but the urgency is. Whether the EU remains geopolitically relevant in 2035 will depend on decisive collective action today. A capable, united and internationally connected Europe cannot be taken for granted – it must be built through the political choices made now. ■

**Dr. Cora Jungbluth**

Senior Expert China and Asia-Pacific
Program Europe's Future, Bertelsmann
Stiftung
Germany

cora.jungbluth@bertelsmann-stiftung.de

This article is based on the Bertelsmann Stiftung Study "Global Block Formation? Implications of the New World (Dis)Order for Europe" and the policy brief "Six Scenarios for 2035 and How the EU Can Prepare for Them." AI-assisted tools were used for language editing and shortening.

**Anika Sina Laudien**

Project Manager
Program Europe's Future, Bertelsmann
Stiftung
Germany

anika.sina.laudien@bertelsmann-stiftung.de

EMILY REES

A new transatlantic innovation agenda for agriculture and food security

Expert article • 4083

The relationship between the European Union and the United States remains one of the world's most consequential partnerships. While rapid technological change, shifting alliances, and economic uncertainty are reshaping the global landscape, the fundamental challenges facing both regions remain familiar: competitiveness, market access, and regulatory efficiency. What has changed is the urgency with which these issues must now be addressed.

Innovation and competitiveness have become strategic imperatives on both sides of the Atlantic. The United States continues to lead in the adoption of emerging technologies, while the European Union is increasingly focused on strengthening its competitive position through regulatory simplification and renewed support for innovation.

Recent geopolitical developments have reinforced the importance of transatlantic cooperation. Although global tensions have evolved, many underlying issues remain unchanged. Regulatory divergence, barriers to trade, and intensifying competition continue to hinder growth and innovation. Addressing these challenges will require a closer collaboration rather than parallel approaches.

Similar strategic choices also apply at the regional level, posing critical questions for governments across northern Europe and the Baltic Rim. Climate volatility, shifting trade dynamics, and security concerns are reshaping agricultural priorities. Farmers and agribusinesses are increasingly focused on managing risk, strengthening supply chains, and maintaining access to innovative technologies, that improve productivity and resilience.

The United States has demonstrated the benefits of rapidly adopting new technologies, from digital agriculture and advanced plant science to modern manufacturing systems. This has provided farmers and businesses with access to a broader range of tools and solutions. By contrast, Europe continues to wrestle with regulatory complexity that can slow innovation and investment. A stronger focus on competitiveness, supported by streamlined and science-based regulation, will be critical to the region's future success.

The question is no longer whether EU-US collaboration is desirable, but rather how both partners can deliver meaningful impact in today's environment. Forums such as the G20 and ongoing bilateral dialogues provide opportunities to advance shared priorities. In agriculture, this means ensuring farmers have access to a full toolbox of technologies, including advanced crop protection products, biological solutions and new breeding technologies, at a pace comparable to other innovation-driven regions such as Australia and Brazil.

Regulatory cooperation will be central to this effort. Greater alignment on standards, increased mutual recognition, and stronger operational collaboration can help reduce unnecessary costs and delays. By focusing on outcomes rather than processes, the EU and US can drive global standards while creating a more predictable environment for innovation and trade.

The costs of failing to strengthen cooperation could be substantial. Without greater alignment, both regions risk losing ground to more agile competitors. Regulatory fragmentation and delayed access to innovation threaten not only economic competitiveness, but also food security sustainability and long-term resilience.

The path forward requires leadership and ambition. By embracing technological innovation while reducing regulatory complexity, the EU and US can strengthen their own economies while helping partners around the world benefit from scientific progress. Farmers, innovators, and consumers all stand to gain from policies that deliver practical outcomes rather than procedural hurdles.

The new world may have familiar issues, but it also brings the possibility for renewed impact. For decades, EU-US collaboration has helped shape global standards and drive economic progress.

By placing innovation, competitiveness and regulatory modernisation at the centre of the transatlantic agenda, both partners can continue to lead, turning persistent challenges into shared opportunities.

This is not simply a strategic aspiration. It is a practical pathway to sustained leadership and growth in the years ahead. ■

**Emily Rees**

President and CEO
CropLife International
Brussels, Belgium

emily.rees@croplife.org

EIJ A R A N T A

The effects of the US withdrawal from international organizations

Expert article • 4084

In January 2026, President Donald Trump signed a Presidential memorandum for the withdrawal of the US from 66 international organizations. Thirty-one of these were UN-affiliated, including the World Health Organization (WHO), the UN Population Fund (UNFPA), and the UN Democracy Fund. While research literature demonstrates strong resilience of international organizations over time, the loss of US membership and funding is resulting in major cuts and restructuring of operations across organizations. Their capacity to address global challenges is weakening. Furthermore, by withdrawing from international organizations and agreements, the US is diminishing the credibility and predictability of multilateral frameworks.

The withdrawal was preceded by the 2025 freeze of US foreign aid operations and the closure of the US Agency for International Development (USAID). As the US has traditionally been the world's largest donor of humanitarian aid and a significant contributor to international development cooperation, Trump's actions have led to a major crisis in these sectors.

International organizations and treaties have served as the foundation of the post-WWII international order. The US withdrawal has led to uncertainty in global governance and cooperation, leading many to question US reliability as a partner.

Signaling a major shift in US foreign policy, Trump's America First policy favors transactionalism and bilateral agreements over multilateralism. The agreements must clearly benefit the US economy. One example of a significant change is the WHO, from which the US withdrew, citing failures in handling the COVID-19 pandemic. Complex and well institutionalized health infrastructure built in Africa over decades has been undermined, giving way to questionable bilateral health deals. In these arrangements, African countries receive US aid in exchange for access to natural resources or even biodata.

The US withdrawal from the UNFPA exemplifies the deepening of conservative values in US foreign policy. The UNFPA has been the world's leading organization for sexual and reproductive rights, gender equality, and population data for development. Since Reagan, the organization has faced criticism from every Republican president regarding abortion rights, and Trump is no exception. The difference is that now the Trump administration has expanded the Global Gag Rule, which prevents federal funding from organizations providing or supporting abortion, to explicitly condition all foreign aid. Effective since February 2026, the "Promoting Human Flourishing in Foreign Assistance" (PHFFA) policy prohibits recipients of US foreign aid from providing abortion services and advocacy, promoting gender equality (dubbed as "gender ideology"), and doing diversity and inclusion programming. Instead of the UN, which is condemned as promoting leftist, "woke," and "globalist" agendas, the US seeks to build a new alternative network of international alliances based on religious values, the sanctity of families, and traditional gender roles.

Although a small organization, the US withdrawal from the UN Democracy Fund is notable in times of global democratic decay. International organizations, and the values they promote, are increasingly portrayed as threats to national self-determination. Trump's discursive emphasis on US national interests and sovereignty parallels discursive strategies of authoritarian states that condemn international democracy promotion as Western interference. Defenders of democracy throughout the world face reduced opportunities, as their international supporters are increasingly vanishing.

The decline of US influence in international bodies has potentially created opportunities for other nations, particularly China and Russia, to expand their influence on the global stage. China's influence is particularly significant in the Global South, whose countries make up the majority of UN member states.

In summary, the US withdrawal from international organizations undermines multilateralism, promotes the spread of conservative values, and reinforces the discourse on national interests and sovereignty.

Yet, the need for global governance has not diminished; rather, it remains essential. Ongoing challenges such as wars, pandemics, climate change, and humanitarian crises all demand collaborative solutions.

The development and humanitarian challenges have not disappeared from the world. Poverty reduction has stalled, and severe hunger and malnutrition remain a daily reality for hundreds of millions of people, particularly in areas of conflict. Climate change is undermining opportunities for a dignified life, especially in the poorest countries, which have the least capacity to prevent and mitigate its effects. ■

**Eija Ranta**

Associate Professor of Global Development Studies
University of Helsinki
Finland

MICHAEL SMITH

International institutions, populism and transatlantic relations

Expert article • 4085

Populist politicians and parties see international institutions as dependent on the interests of competing states, and processes of global governance as generating a globalist elite whose influence should be countered in the interests of the people. This contrasts with the view that international institutions can develop a life of their own as international actors, or that they provide spaces of interaction that can enhance international communication and responsiveness among societies. Historically, American views of international institutions have emphasised an instrumentalist view, judging them by their relationship to US power, leadership and sovereignty, whereas European views have tended to emphasise a commitment to institutions as part of a rules-based liberal international order. The current period has seen an increase of populist sentiments on both sides of the Atlantic, epitomised by the two Trump Administrations in the USA and by the rise of populist movements in western Europe, often linked to US policies.

At one level, current and recent US policies seem to imply the final dismantling of the liberal international order, with its assumptions about the role of international law and organizations and the benefits of international cooperation. The challenge posed by 'Trump 2.0' is not simply to specific institutions but also to key practices associated with the established international order. International law is seen as an instrument of state policy, and subject to reinterpretation in line with the interests of leading states; diplomacy is redefined as a performative process, in which diplomatic events can be presented as 'good television' foregrounding the presence of the President; international organizations are seen as dispensable in light of the needs of the US and other major 'powers'.

One of the first executive orders issued by the President mandated not only withdrawal from the WHO and UNESCO, but also a comprehensive review of all international organizations and their ability to serve US interests. At the same time, funding for a wide range of international bodies has been cut, partly as a result of the reduction in funding for the US Agency for International Development but also as part of a more general strategy aimed at US withdrawal from international cooperation. The United Nations system has been attacked or side-lined, and the roles of individual organizations have been attacked over a very broad front. In addition to the familiar targets of the World Health Organisation and UNESCO, challenges have been mounted to the World Trade Organisation, the Human Rights Council, the International Organization for Migration, the International Maritime Organization, the International Criminal Court (which Trump has threatened to dismantle 'brick by brick'), and the UN Relief and Works Agency in Palestine as part of the ongoing conflict in the Middle East. Not only the UN system is at issue: attacks on bodies such as the G-7 of industrial economies, or regional organizations such as NATO and the EU itself, have proliferated.

The impact of these strategies is not simply on the activities of the specific organizations that have been targeted; it also extends to a wide range of states within the world arena. In particular, it encompasses the other 'great powers' and 'middle powers' within the international system. Where the US withdraws or distances itself from organizations, this can open up space for the injection of new forms of multilateral cooperation, for example the Chinese diplomacy

surrounding the Shanghai Cooperation Organization or the BRICS (Brazil, Russia, India, China and South Africa) grouping which has now extended to include a range of regional powers as well as its core members. As a result, the nature and extent of multilateralism in the world arena is in a state of flux, and the remnants of the rules-based order are patchy at best.

For transatlantic relations more narrowly defined, the impact of these American policies is multi-dimensional. In relation to NATO, the key challenges have been those of attempting to maintain US commitment whilst responding to the ongoing challenges to European security. Thus, the agreements to bolster European defence spending to five per cent of GDP in the period up to 2035 have partly been a response to American pressure but also partly a recognition that new forms of European strategic autonomy should be pursued in the face of American withdrawal and the continuing threat from Russia. Despite the general commitments made, individual European members of the Alliance have pursued markedly different paths – a divergence that has been underlined by responses to US expectations of support for their war against Iran, for example in the case of Spain. For the EU, there is the well-established tension between the internal politics of the Union and the external challenges posed by US policies. Trumpian policies expose vulnerabilities and tensions within the EU, most obviously in the form of differential economic pressures arising from the erosion of international order in areas such as trade, but also in the tensions observable between member states more or less receptive to Trumpian ideas. In relation to international institutions, the EU has been challenged to maintain solidarity in its commitment to the UN system and other global governance bodies. It has been challenged more fundamentally to maintain its commitment to multilateralism and to defend its investment in the institutions of the liberal international order, from which it derives important measures of legitimacy and leverage. The potential for marginalisation of the EU's efforts, both in Europe and on the global stage, is real as the relations between a number of dominant powers come to define the new world order.

The net result of these changes and pressures for transatlantic relations is a situation of flux and uncertainty, in which the credentials of established institutions are questioned and there is little sign of the emergence of a settled new order. Such conjunctures have occurred previously in the more than eighty years of transatlantic institution-building, but the emergence of new powers and the unpredictability of old allies, underlined by the appeal of populism on both sides of the Atlantic, has created a new set of challenges and opportunities. ■

**Michael Smith**

Honorary Professor in European Politics
University of Warwick
United Kingdom

M.H.Smith@warwick.ac.uk



ARSLAN SULEYMANOV

The G20 is a chance to revive transatlanticism

Expert article • 4086

In the autumn of 2025 the government of Europe's largest industrial economy found itself asking a foreign power for car parts. Germany's economy minister Katherina Reiche contacted China's commerce minister Wang Wentao to press for a resumption of chip exports. Her ministry called carmakers and electronics firms to a crisis meeting.

The cause was Nexperia, a Dutch chipmaker owned by China's Wingtech, which the Dutch government had seized on 30 September under a Cold War-era law. Beijing – predictably – replied by holding back the chips finished in Nexperia's mainland factories. Within weeks Europe, the world's most branded regulatory power, discovered that its car industry depended on components completed in plants it did not control, in a country that had just decided to stop cooperating.

Then the crisis ended, but relief did not come from Brussels, Berlin or The Hague. It came from Busan, where Donald Trump and Xi Jinping met on 30 October and agreed a truce, after which Beijing began letting the chips move again. Europe's industrial emergency was settled as a side clause in someone else's bargain. Brussels was a line item in a deal it did not negotiate, its vilified in Trump's new National Security Strategy.

That lesson matters more this autumn than last. China's suspended rare earth controls, which could return on 10 November, hang over every European factory that depends on a magnet. Americans vote in the midterms on 3 November. In December Washington hosts the G20 meeting in Miami. Across these three dates, there is a risk that Brussels remains an anxious onlooker to a street fight between two local bullies, one who boasts of calling the police but never does, fearing he might have to skip work to spend time at the precinct. One such bully has called for 'cultivating resistance within European nations to Europe's current trajectory'.

Europe is proficient in drafting new strategy documents and grand speeches to create more cautionary tales. It can diagnose, but not prescribe. Create, but not implement. Ursula von der Leyen's State of the Union address on 16 September mentions China five times but steers clear of agency and concrete countermeasures, such as, for example, targeted access restrictions to European know-how to China or invoking the Anti-Coercion instrument.

But one has to be a hopeful soul to even hope that change will come from Rue de la Loi. A more realistic approach – for businesses and policymakers in both Brussels and Washington – would be to learn from the examples of Central and Eastern European (CEE) countries and embrace cautious transatlanticism. In other words, Europe should see as much good in a bully and continue seeing US businesses and like-minded policymakers as an indispensable ally, while the latter should clench their teeth, accept compromises and look beyond a short-term business model that comes from tangoing with China. EU countries to the right of Berlin can offer a lesson.

Take nuclear fuel. For decades, the Soviet-designed reactors of five EU states ran entirely on Russian fuel. Then an American company, a Swedish factory and a handful of Central European utility providers did something deeply unfashionable. They built an alternative slowly, through engineering, licensing and long contracts. Westinghouse contracted to replace Russia's TVEL at the Czech Dukovany plant and signed with Slovakia's operator. This spring, even Hungary said it was ending two decades of dependence on a single supplier, with the first Westinghouse reload at Paks due in 2028.

Defence follows the same pattern. The Polish state-controlled firm WZE now makes components for the Patriot system's interceptors to American standards, with its first deliveries to the United States due in 2027. Polish factories are becoming part of the American arsenal rather than merely its customers.

What did these cases have that Nexperia lacked? Three rather dull things. An alternative producer existed before the crisis. Governments and utilities guaranteed the demand that made building it worthwhile. The political coordination came first, instead of in a panicked round of phone calls once the parts ran out. None of this required a grand theory of strategic autonomy – it required contracts.

The scaffolding to repeat this at scale already exists, at least on paper. Brussels and Washington signed a critical minerals memorandum in April and promised pilot projects before the year is out. Poland and Lithuania have signed minerals frameworks with Washington, and Estonia, which already hosts a magnet plant in Narva, is negotiating one. Paper, however, is the catch. The memorandum is non-binding, the price floors that would make Western production viable remain proposals, and the EU still sources 98 per cent of its rare earth magnets from China.

Here American politics, usually a source of European anxiety, provides an opening. The midterms will not settle the tariff war. In North Carolina, the Democrat Roy Cooper promises to roll tariffs back while his Republican rival embraces them. On supply chains, however, Washington is unusually united. Republicans and Democrats co-sponsor critical minerals bills, and the Republican senator Todd Young put the case bluntly last autumn. 'We literally cannot produce our defense goods without access to rare earth minerals', he said.

Europe should build on the issues that will survive any election result. Tariff policy can change with each new Congress. The need – and business case – for magnets and interceptors will not.

Three things should therefore happen before Miami. First, Brussels and Washington should launch at least one price-floor pilot and place it in CEE where soil is already fertile. Second, both sides should turn their promise of August 2025 to act together against export restrictions by third countries into a standing mechanism before 10 November, so that the next Nexperia meets a joint response instead of a flurry of strong words. Third, Poland should use its seat in Miami to present the region's record, from nuclear fuel to missile components, as the template.

For three decades, advice on how to modernise travelled mostly from west to east. On supply chain security, the lesson now runs the other way. ■

Arslan Suleymanov

Independent Researcher; Member of the
Working Group
United Europe e.V.
Austria/Germany

contact.arslans@gmail.com



MARI KIVINIEMI

Trust under strain

Expert article • 4087

We Finns often quote President J. K. Paasikivi when emphasizing the need for an honest assessment of reality. In his Independence Day speech on 6 December 1944, after the war between Finland and the Soviet Union had ended, he said that “the beginning of all wisdom is the recognition of facts”.

For a small state, this means seeing the world and one's own position clearly, and using limited room for manoeuvre wisely. Since full trust in our eastern neighbour has never been possible, realism has been essential.

It is both peculiar and unfortunate that a similar assessment is now needed when considering the state of transatlantic relations. Trust in the United States has been tested not only in Europe but also among its partners worldwide. What is difficult to accept is that the United States no longer seems to regard the common objectives of recent decades as its own in the same way.

First, the United States' commitment to the multilateral international system has weakened. Together, the United States and Europe helped build institutions and rules that strengthened peace, security and prosperity: the UN system, the Bretton Woods institutions, the OECD and NATO among them. The commitment is now more selective, as seen in withdrawals from the Paris Agreement and the WHO, and in sharp cuts to development assistance.

Second, the United States no longer appears willing to develop common rules for international trade. It has never been a doctrinaire free-trader, but President Trump's aggressive tariff policy marks a clear break. Tariffs are now tools not only of trade policy but also of pressure on partners. The WTO appellate mechanism remains paralysed, while industrial policy increasingly relies on national subsidies and domestic preference. The EU also pursues a more active industrial policy, but views on rules, tariffs and state aid have drifted apart.

Third, developments in democracy, human rights and the rule of law in the United States give reason for concern. The expansion of presidential power and pressure on independent institutions — the civil service, courts, media and universities — are unsettling. Immigration policy and the narrowing of minority rights also raise serious questions.

The transatlantic partnership rests not only on security interests, trade and economic ties, but also on a shared understanding of democracy, the rule of law and fundamental rights. Europe cannot afford complacency: erosion of the rule of law, pressure on the media and populist uses of power also occur within the EU.

Recent events have increased mistrust, uncertainty and frustration, yet the United States and the EU remain key partners and allies. Transatlantic cooperation rests on history, shared values and economic interdependence. I do not believe President Trump and his allies will ultimately succeed in pulling the United States away from the family of Western liberal democracies.

What is needed now is patient diplomacy and sustained engagement. At the same time, the EU must defend its principles and interests, identify its dependencies and strengthen new partnerships.

This does not mean abandoning multilateral cooperation, but renewing it. Rules have been applied selectively, and emerging economies have not received sufficient influence. The UN, the WTO and other organizations should be reformed to reflect shifting power relations and the challenges posed by technology, climate and economic security.

As many have argued, issue-based coalitions are also needed to move forward when universal institutions are deadlocked. At best, they can pave the way for broader agreements, but they must complement the multilateral system, not replace it with arrangements dictated by the strongest.

It is also essential to build a stronger, more competitive and more secure European Union. This requires, first, improved competitiveness and technological capability, and, second, deeper integration of the single market. The EU's economic area should function as a genuinely unified whole: less bureaucracy and fewer national exceptions, more risk-taking and courage.

Citizens also expect better civil and defence preparedness. Security and resilience are inseparable from the EU's development. The Union must strengthen its ability to protect its citizens, economy and member states' sovereignty. A stronger Europe does not weaken the transatlantic relationship; it makes it more balanced.

Finally, I return to Paasikivi: recognizing facts is the beginning of wisdom, but wisdom also means acting on them. Europe now needs a stronger and more united EU — one that has the courage to reform itself while continuing to renew transatlantic cooperation and the rules-based global order. ■



Mari Kiviniemi

Former Prime Minister of Finland
Helsinki, Finland

mari.kiviniemi@live.com

SIMON ELO

The new era of Finnish American alliance

Expert article • 4088

The League of Finnish American Societies (SAM) was founded in 1943 when Finland's independence and democracy were in peril. Following the German defeat at the Battle of Stalingrad in early 1943, Finland's leadership quietly probed for peace negotiations with the Soviet Union and Western Allied Forces.

During this time of diplomatic pressure citizens acted to preserve and strengthen ties between Finland and the United States. Prominent individuals including minister and newspaper publisher Eljas Erkko, architect Alvar Aalto and bank director Juho Hämäläinen established "Suomalais-Amerikkalainen yhdistys" which later became modern SAM.

Dr Ensi Hiitonen declared at the inaugural meeting of SAM on July 1, 1943, while war was still raging in Europe:

"The Government and Parliament have repeatedly emphasized the importance of maintaining good relations with America, which had resonated across wide circles of citizens. In order to give this idea a suitable form of expression, it had been considered necessary to establish an association whose task would be to bring the two peoples closer to each other through appropriate means."

Henrik Ramsay was appointed as the new Foreign Minister of Finland in March 1943. Ramsay emphasized the importance of keeping strong ties with the United States, paving the way for SAM to be formally established. Over 10 000 Finns joined SAM during the first four years.

"Our understanding is that the future world must be built on the foundation of international cooperation among free nations, rather than on power politics," wrote Juho Hämäläinen in the member magazine in 1947, as if addressing our generation as well.

Following the end of the Second World War, SAM applied for state funding to provide scholarships for Finnish students heading to Wittenberg College in Ohio. Today SAM Scholarship Foundation administers prominent third-party scholarship applications from organizations such as Saara and Björn Wahlroos Foundation, The American-Scandinavian Foundation (ASF), and Thanks to Scandinavia.

Friendship between Finland and the United States must be built on understanding, not on conformity. Finnish foreign policy is now aligned with this thought. Europe and Finland need to acknowledge that the United States is changing and that the current U.S. administration is based on ideology that "contradicts with our own values", Finland's president Alexander Stubb said in his speech to members of parliament at the State Opening of Parliament on February 4, 2026.

President Alexander Stubb continued this idea in his speech to Annual Meeting of Heads of Mission in Helsinki on August 25, 2026:

"Every US administration ever since President Truman has called for a more equitable sharing of the burden. The second Trump administration is doing this on turbo speed. The conclusion for Europe is clear: we must assume more responsibility for our own security and defense."

Before Nato membership in 2022, the defense budget of Finland was around 4 billion euros, whereas in 2026, Nato-defined defense spending has already risen to 7.7 billion euros. Finland has taken on greater responsibility for its defense but that doesn't mean that our bilateral relationship with the United States would be any less important. Finland is one of the key allies for the United States in Northern Europe and the Arctic.

"Finland understands territorial defense, resilience, and preparedness at a level that few countries do. As our Nato ally, Finland's membership brings extraordinary seriousness, capability and credibility to the Alliance," Howard W. Brodie, United States Ambassador to Finland points out in an interview by SAM Magazine on June 6, 2026.

The friendship SAM is working for is, above all, friendship between the peoples of Finland and the United States. It would be a grave mistake to underestimate the value of people-to-people relations as the bedrock of our bond with the United States. Former President Herbert Hoover led American civil society to strongly support Finland during Winter War, raising millions of dollars for civilian relief.

A contemporary example is the partnership between the Virginia National Guard and the Finnish Defense Forces. Finland took part in Nato-led peacekeeping operation in Bosnia-Herzegovina in 2001–2002, where Finns and Americans served side by side, got to know each other, and laid the foundation for a partnership formalized after Finland joined Nato.

History doesn't simply repeat itself, but I believe we can count on the core decency of the American people. Strengthening dialogue with American civil society is in our national interest, complementing the strong ties between our governments. "Governments and political trends come and go, but meaningful encounters between people build cooperation and friendships from generation to generation," as Ambassador Brodie has said. ■



Simon Elo

Chairman of the Board
The League of Finnish American
Societies (SAM)
Finland

simon@simonelo.fi

ARTIS PABRIKS

Transatlantic relations and the Russian threat

Expert article • 4089

In 1989, the German rock band Scorpions released the song *Wind of Change*, which reflected the optimism and hopes prevailing in the West regarding the political changes taking place in the Soviet Union under Mikhail Gorbachev. The Iron Curtain was falling, and it appeared that the USSR—and, following its collapse, the states that emerged from it—would rapidly develop into liberal democracies. A number of Western analysts in the United States and Western Europe, including Francis Fukuyama in his influential book *The End of History and the Last Man*, argued that liberal democracy had prevailed globally and that Russia would eventually return to the family of free and democratic nations.

These expectations proved overly optimistic and, to a considerable extent, reflected wishful thinking. Misperceptions of Russia contributed to delayed and, at times, misguided responses in Western political decision-making, which in turn helped create the more dangerous international security environment now felt across the European continent.

The contemporary international environment is arguably more dangerous than at any point in recent decades. The previous international order has significantly deteriorated; Europe's relative economic position has weakened compared with Asia and the United States; and transatlantic security ties have been challenged by growing doubts about mutual commitment and political resolve, particularly since President Donald Trump returned to office on 20 January 2025.

Authoritarian states such as Russia, Iran, North Korea, and China have been strengthening their ties and coordination in opposition to the West. Russia has been waging a war of unprecedented scale against Ukraine since 2022 while simultaneously challenging NATO, particularly its European members, through an increasing number of hybrid attacks, acts of arson, and sabotage. Tensions between Putin's Russia and the West continue to rise.

Against this background, Western unity, military capabilities, industrial output, and societal resilience are becoming increasingly important. Of particular significance is the transatlantic alliance and the role of the United States, as US involvement in European security has for decades constituted one of the principal guarantees of security on the European continent.

Since 2025, the US approach to European security has undergone several significant changes. The White House's patience with what it regarded as Western European neglect of defence and security has diminished. Relations between the transatlantic partners have become increasingly transactional and have been marked by elements of confrontational rhetoric, unpredictability, and mutual mistrust.

To better understand the current US role in European and global security, it is important to examine President Trump's policies towards European allies, Ukraine, Russia, and the Pacific region in their broader strategic context. In many respects, US policy towards Ukraine has been perceived as a litmus test for Washington's wider approach to Europe.

Since 2025, many European allies, particularly frontline states, have expressed concern about shifts in White House policy towards Ukraine. On 28 February 2025, a meeting between President Volodymyr Zelenskyy, President Trump, and senior US officials took place at the White House. The publicly broadcast confrontation was widely perceived as humiliating for President Zelenskyy, particularly given the conduct of President Trump and Vice President Vance.

A few days later, on 3 March, the White House paused military aid to Ukraine. Later, in July, President Trump introduced the PURL system, under which the United States supplies American weapons to Ukraine while the costs are covered by other Western allies. Although some forms of support, including intelligence sharing, were maintained, the Trump administration effectively ended direct US financing of much of Ukraine's military resistance to Russian aggression. Consequently, a substantially greater share of the burden was transferred to NATO's European allies.

By March 2026, other NATO countries had transferred USD 4.2 billion to the United States through the PURL system while simultaneously continuing to support Ukraine from their national budgets, thereby replacing a significant share of previous US assistance.

Another important change in the US approach to foreign and security policy was the introduction of an increasingly transactional relationship with both its closest allies and Ukraine. However, even this transactional approach did not guarantee automatic US support.

The Ukrainian side therefore hoped that the minerals agreement signed on 30 April 2025 by US Treasury Secretary Scott Bessent and Ukrainian First Deputy Prime Minister Yulia Svyrydenko would soften the White House's approach towards Ukraine and generate tangible benefits, particularly in the form of military assistance. These expectations, however, were not fulfilled, and US military support to Ukraine was not restored to its previous level.

Instead, the White House engaged in diplomatic negotiations with Moscow in a manner that could be interpreted as favouring Russia rather than merely reflecting transactional diplomacy. White House representatives Steve Witkoff and Jared Kushner visited Moscow on five occasions. In addition, on 8 August 2025, President Trump received President Vladimir Putin on US soil for bilateral negotiations.

A number of policy analysts and observers noted that President Trump appeared to pursue a "carrot" approach towards Russia, the aggressor state, while applying a "stick" approach towards Ukraine, the victim of Russian aggression. The motives underlying such a strategy remain open to interpretation. Nevertheless, the approach surprised European allies of the United States and did not bring an end to the war any closer.

Throughout 2025, the White House adopted a comparatively accommodating diplomatic posture towards Russia and lifted some previously imposed energy sanctions. At the same time, President Trump continued to exert public pressure on Ukraine to accept concessions to Russia, despite opposition from several NATO allies to such a policy.

At the same time, leading Western European countries did not fully seize the opportunity to assume a more consequential and strategically autonomous role in their policy towards Russia, and largely continued to follow the US lead.

In his relations with European partners, President Trump also introduced a more transactional approach towards NATO allies, demanding substantially higher levels of defence expenditure. The 2025 US National Security Strategy emphasised greater burden-sharing and argued that European states should become the principal conventional military actors in Europe, given that the United States had strategic priorities in other regions, particularly the Pacific.

As a result, the NATO Summit in The Hague produced an agreement to increase defence-related expenditure to 5 per cent of GDP, a decision frequently presented as a political victory for President Trump. A closer examination of the factors driving European defence spending, however, suggests that the primary motivation was the growing Russian threat to Europe. President Trump's position nevertheless served as an important accelerator of European military preparedness and defence-industrial efforts in anticipation of a possible confrontation with Russia.

The trend towards higher military expenditure and greater European self-reliance did not begin with Donald Trump's return to office in 2025. The principal catalyst was Russia's full-scale invasion of Ukraine. In 2025, the 29 European NATO members spent approximately USD 559 billion on defence, compared with USD 388 billion in 2023. This represented an increase of approximately 44 per cent between 2023 and 2025, much of which had already occurred before the NATO Summit in The Hague. Frontline countries located closer to Russia experienced some of the largest increases.

An additional incentive for many European NATO members to develop their own defence capabilities was President Trump's increasingly confrontational rhetoric towards several European partners. One prominent example was the aggressive diplomatic pressure placed on Denmark regarding Greenland. Such rhetoric contributed to an increasingly strained atmosphere in transatlantic relations between the United States and several European allies, further undermining mutual trust.

Friendly diplomatic rhetoric towards the Kremlin, reductions in support for Ukraine, and conflicting or confrontational messages directed at European allies contributed to declining trust within the alliance and growing doubts about whether the United States remained fully committed to defending its European NATO allies in the event of a military confrontation with Russia.

The prevention of war depends substantially on the credibility of deterrence—that is, on the perceived willingness and capability to employ decisive military force if necessary. Recent perceptions and public uncertainty regarding the US commitment to European security appear to have produced two contrasting effects. On the one hand, they have accelerated European investment in defence, which can be regarded as a positive development. On the other hand, they may have encouraged Russia to test Western resolve, increase pressure on Ukraine, and probe NATO cohesion.

Given that one of Vladimir Putin's longstanding strategic objectives has been to weaken, and potentially undermine, NATO, internal uncertainty among transatlantic partners may be interpreted by Moscow as evidence of alliance weakness. Such perceptions can reinforce the Kremlin's belief that increased pressure on European NATO members could make this objective more attainable. Like Europeans—and indeed some US allies in the Pacific—Russia is increasingly questioning the likelihood and strength of an American response in the event of a conflict involving European NATO members.

President Trump's rhetoric and inconsistent verbal commitments have generated greater uncertainty regarding US strategic resolve. Combined with Europe's slow adaptation to its own defence requirements, this has weakened the perceived credibility of deterrence and may consequently have incentivised Russia to test European limits, contributing to increased military pressure, hybrid threats, and escalation.

Responsibility for this uncertainty, however, does not rest exclusively with the United States. Many European allies neglected investment in defence and societal resilience for decades. Instead, they hoped that the Wind of Change would eventually Westernise, democratise, and liberalise Russia's political elite and society. They also expected political change in Russia to generate economic benefits and profitable opportunities through cooperation between Russia and the West.

Instead, European states became, to a significant extent, victims of their own illusions and found themselves insufficiently prepared for the resurgence of an increasingly imperial Russia willing to test Western resolve and prepared to make substantial sacrifices in pursuit of restoring its former sphere of power and influence.

In the second half of 2026, Russia continues to escalate its confrontation with the West. This escalation cannot be explained solely by changes in White House foreign and security policy or by previous European negligence. The principal driver of Russian escalation remains the Kremlin's own strategic calculations. Nevertheless, President Trump's policies towards Ukraine and European allies can be understood as an additional factor encouraging Moscow to test the limits of Western resolve.

Given the current state of affairs, the West should be prepared for further hybrid and military escalation by Russia. The most effective response is to demonstrate credible strength, enhance the resilience of Western societies, avoid internal divisions, and reinforce transatlantic trust and cooperation.

United we stand; divided we fall. ■



Dr. Artis Pabriks

Former Deputy Prime Minister, Minister of Foreign Affairs, and Minister of Defence of Latvia
Adviser to MEP Ivars Ijabs



YURIY YAKYMENKO

Ukraine's role in transatlantic relations

Expert article • 4090

Russia's full-scale invasion of Ukraine, launched in 2022, initially exposed a clear divide between the democratic and autocratic worlds. The United States, the European Union and other democratic partners demonstrated remarkable unity in providing Ukraine with political, economic and military support.

However, the outcome of the 2024 US presidential election has significantly altered the dynamics of transatlantic relations, undermining mutual trust and partnership between Washington and Brussels. Above all, it has marked a shift in US foreign policy priorities, with Washington stepping back from its traditional role as leader of the free world and champion of democracy and freedom.

This approach was formalised in the new National Security Strategy (NSS), published in December 2025. The strategy places US interests above all else, reflecting an increasingly authoritarian style of governance and a greater reliance on political and economic coercion in international affairs. The strong transatlantic partnership, which for decades had underpinned peace and security not only in Europe but globally, was no longer regarded as essential to US national security.

One of the strategy's most controversial features for many US partners—above all Ukraine—was its approach to Russia. Rather than portraying Moscow as the principal strategic adversary, the NSS presents Russia as a challenge that can be managed, primarily through renewed diplomatic engagement and efforts to achieve "strategic stability". For countries that have long been subjected to harsh Russian pressure, this represented a significant departure from previous US strategies and highlighted a widening transatlantic divergence in perceptions of the principal global security threats.

In the end, it was Europe that proved more resilient in defending universal values. Ukraine, by remaining steadfast in its legitimate demands and refusing to make concessions to the aggressor, helped Europe embrace its global civilisational mission in the new geopolitical realities—a mission that has become central to the rethinking of Europe's identity. Developments related to Ukraine have also made one thing clear: as the United States distances itself from Europe and gradually reduces its commitment to European security, solidarity and mutual responsibility among European countries become increasingly important.

The prospect of a diminished US security umbrella has revived the debate on Europe's strategic autonomy and security self-sufficiency. It has prompted European leaders to reassess strategic priorities and launch wide-ranging reforms across a wide range of policy areas, from security to humanitarian policy. In the security sphere, this has resulted in initiatives such as the White Paper for European Defence – Readiness 2030, the ReArm Europe Plan, and related measures.

These shifts were reflected in the EU's policy towards Ukraine. European leaders assumed a more prominent role in dialogue with the United States on pathways to peace in the Russia-Ukraine war, while Europe expanded military assistance by financing arms procurement for Kyiv, maintained strong economic support, and formally launched Ukraine's EU accession negotiations.

For its part, Ukraine has worked closely with the EU while maintaining constructive relations with the US administration, seeking to remain a bridge rather than a source of division in transatlantic relations. Moreover, Ukraine's unique experience of modern warfare and its advances in defence technologies—particularly in the development and deployment of unmanned systems—are already contributing to the security of NATO Allies on both sides of the Atlantic.

Ukraine's new role in European and Euro-Atlantic security has yet to be fully understood and assessed. Even so, one conclusion is already clear: the future of European security—and, with it, the resilience of European democracy—will depend not only on modern weapons and capable armed forces, but also on the strength and cohesion of the barrier that Europe builds against Russia from north to south. In a broader civilisational sense, Europe's unity in supporting Ukraine is also about preserving its own identity and the values of the free democratic world.

Continued support for Ukraine will strengthen Europe's strategic security today and in the years ahead. At the same time, it will help secure Ukraine's recovery as a democratic state, fully integrated into the European Union's common security and economic space. For Ukraine, this is ultimately about defeating the aggressor and continuing to develop as a full and equal member of the European Union. ■

**Yuriy Yakymenko**

President
The Razumkov Centre
Ukraine

MARKO MAUNULA

Public diplomacy: Baltic region's Trump card?

Expert article • 4091

Donald Trump's presidency has reminded, crudely yet effectively, how indifferent to its allies' needs and desires the United States can be. American foreign policy can turn quickly, shaped by the whims and visions of its chief executive.

While American politicians can be cool and, as the last decade shows, even confrontational toward its historic friends, they remain very sensitive to American public opinion. To paraphrase George F. Kennan, U.S. foreign policy today remains impervious to logic of reason, but sensitive to logic of vox populi. This provides an opening to Europeans and especially its northern rim.

With smart and well-targeted public diplomacy, nations in the Baltic region can exert positive grassroots influence on American politics. Now it might be the right time to focus and aim directly to the hearts and minds of American voters.

Important battleground states of Michigan and Wisconsin host substantial number of descendants of North European migrants from the Baltic region. Wisconsin has the highest percentage of people with Polish ancestry and one of the highest with German roots. Its Nordic populations are also substantial, with Swedes and Finns throughout the Upper Midwest.

Estonians, Latvians, and Lithuanians are more scattered and many of them reside in Democratic states, but their concern over their eastern neighbor and pride in leaders like Kaja Kallas are strong.

Pennsylvania's historical connections to Germany are visible and alive even today. The state remains potentially receptive to reminders of its trans-Atlantic origins. Further South, Virginia, both Carolinas, and Georgia are major recipients of foreign investments and international immigration, North Europeans included.

Southern swing states of Georgia and North Carolina carry a strong tradition of resentment toward totalitarian states. MAGA-Republicanism has not managed to erase this mindset, as southerners, for historical reasons, can be receptive to an underdog-story.

The economic, political, and cultural advances of the Baltic region have triggered new interest and pride among Americans with roots in Northern Europe. Alongside it exists a keen awareness of the Russian threat. With smart public diplomacy, these sentiments could be converted to grassroots pressure toward Washington and White House to show more support to the Baltic region.

Apart from Trump's aggressive fixation on Greenland, the Baltic region has received somewhat friendlier treatment from the current administration than most of Europe. The region's military preparedness, willingness to pay for its defense, and publicly demonstrated confidence and determination in face of Russian threat has resonated among Americans.

Generations of Americans learned at school that Finland was the only country that paid its World War I debts to the United States. Now among Americans interested in foreign- and security policy, Finland is getting positive response for its high-level military preparedness.

Goodwill is there. Now the challenge is to channel it toward positive pressure campaign toward Washington.

A majority of Americans disagree with Trump's foreign policy. Most Americans side with Ukraine in its war against Russia and half of Americans want to support Ukraine's campaign to capture its territory – as long as it takes.

Ukraine is tied to the security situation in the Baltic region. American media has done quite a good job in emphasizing this issue but raising awareness of European and Baltic security remains necessary – especially when the President of the United States has largely detached himself from a war when “we are separated by an ocean.”

Strong, concentrated, and carefully executed public diplomacy offers a way to influence the President and Congress. This often takes more creativity than money.

Rowing Norwegian football fans captivated Americans during last summer's World Cup. People indifferent to the sport and with limited knowledge of Norway suddenly started rooting for the team. In the era of social media and memes, a simple but clever idea can inspire and create strong impressions.

The field of cultural exchange calls for ways to target not only internationally minded college-educated demographics, but also average Americans with limited attention to global affairs. However, they might know Finland for its metal bands, Germany for its beer, and so forth.

A U.S. tour of Baltic region rock bands, festivals rich in North European food and drink, exchange programs between labor unions, and effective social media campaigns can target people who normally do not follow world politics or form opinions about it.

In the era of unpredictable upheaval in Foggy Bottom, Pentagon, and the White House alike, a simple, appealing and entertaining concept can effectively reach more people than a targeted diplomatic program aimed at people operating at the mercurial mercies of the chief executive.

Americans are susceptible to advertising and appealing narratives, as historian Daniel Boorstin reminded us. The way into American politics goes through hearts as much as minds. ■



Marko Maunula
Professor of American History
Clayton State University
USA

Photo credit: Otava/Niclas Mäkelä

GELA ANDREW SULI & JAAKKO HENRIK LAAKSO

Two seas, one stronger alliance

Expert article • 4092

Europe needs to spend more on defence and make better use of what it spends. With Washington placing greater emphasis on the Indo-Pacific, European allies face growing pressure to take responsibility for their conventional defence. Cooperation between the Baltic and Black Sea regions offers one way to strengthen the civilian systems on which that defence depends.

The connection is already visible in threats to undersea cables, GPS interference and attacks on energy infrastructure. A power failure or a closed port affects civilian life and military operations alike. NATO's 2025 Hague commitment recognised this dependence, setting investment targets through 2035 that include critical infrastructure and civil preparedness alongside military requirements.

Around the Baltic Sea, EU integration has supported economic cooperation and common rules. Finland's accession to NATO in 2023 and Sweden's in 2024 strengthened the region's collective defence. Yet deterrence alone does not remove the pressure on civilian infrastructure. Alongside its war in Ukraine, Russia uses information operations, sabotage and cyber attacks to put pressure on other European states.

Europe's interests also extend through the Black Sea and South Caucasus towards Central Asia, following trade routes and energy connections. Protecting these links requires cooperation across countries with different institutions and security commitments. What then can the Baltic and Black Sea regions learn from one another?

Finland's comprehensive security model provides a useful starting point. It brings businesses and civic organisations into preparedness alongside public authorities, combining legal duties in critical sectors with voluntary cooperation. In an electricity or logistics crisis, private operators need to know their responsibilities and how their plans fit together. Essential services cannot simply stop when normal commercial arrangements break down. Other countries cannot copy the the entire Finnish system, but they can examine how responsibilities are agreed before a crisis and how operators prepare to fulfil them.

Finland also has much to learn. At a NATO-supported workshop in Warsaw in January 2026, Ukrainian representatives described maintaining essential services during the war. Their experience gives Nordic and Baltic planners a basis for questioning their own assumptions about how quickly services can be restored and what happens when backup arrangements fail. A joint exercise could test a Finnish port's continuity plan against disruptions drawn from Ukrainian wartime experience.

Such work needs people who operate the infrastructure as well as those who write the plans. Joint working groups could bring port and energy operators together with emergency planners to develop procedures for restoring services. Regular cross-border exercises should then test those procedures, including situations in which power and supply routes fail at the same time.

Professional associations could help agree common preparedness guidance. Research institutes could assess threats, while regional development agencies could help local businesses plan for supply disruptions. A port exercise should examine whether alternative cargo routes can absorb diverted traffic and whether rail connections are usable. Differences in rail gauge, limited handling capacity or uncertainty over who takes decisions can defeat an otherwise convincing plan. Exercises are useful precisely because they reveal these problems before an emergency.

In the Black Sea, Romania, Bulgaria, Türkiye and Georgia do not need identical security doctrines, or agreement on every political dispute, to cooperate on specific tasks. The mine-countermeasures group established by Bulgaria, Romania and Türkiye in 2024 provides a precedent. Partners can build on that experience and agree how to share information about threats to critical infrastructure. Participation will vary with the task; the aim should be to make cooperation possible where interests coincide.

For smaller and medium-sized states, keeping essential services running is a contribution to collective defence that they can shape directly. Closer Baltic-Black Sea cooperation would help them meet that responsibility and make Europe a more capable transatlantic partner. ■

Gela Andrew Suli

Co-founder
Nexus Ponticus Initiative
Finland

Jaakko Henrik Laakso

Co-founder
Nexus Ponticus Initiative
Finland

DAVID A. GANTZ

USMCA is no match for U.S. protectionism

Expert article • 4093

Failure to Reach a Deal

Despite intensive negotiations from August 19-21, 2026, Canada and the United States failed to reach an agreement that would have suspended the 50% tariffs the U.S. threatened a month ago on \$20 billion worth of Canadian exports to the U.S. (The list includes hockey equipment, cement, alcoholic beverages, paper pulp, and many others.) Those tariffs, covering roughly 5% of total Canadian exports to the U.S., are significant in part because they are the first large group of USMCA-compliant goods that have been subject to prohibitively high (50%) U.S. tariffs, reflecting another flagrant U.S. violation of the USMCA. ([New US Tariffs](#)) (The previous U.S. tariffs on USMCA-compliant goods were on goods in specific sectors, pursuant to investigations under Section 232.)

It emerged Saturday morning, August 22, that several major new demands by the United States had contributed to Prime Minister Carney's decision to suspend the negotiations, even though it meant imposition by the U.S. of the 50% tariffs. According to Carney, "the U.S. introduced at the last hours efforts to restrict our ability to have other trade deals." ([Carney August 21 Speech](#)) Canada in recent years has concluded various trade deals along with economic and security partnerships, including major free trade agreements with the EU, the UK, India, South Korea, and members of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership. A major element of Carney's economic policy since he took office in 2025 has been to seek to double Canada's non-U.S. trade from 20% to 40% of the total over the next decade, to be achieved in significant part by concluding new or expanded trading arrangements. ([Trade Diversification](#)) Given that Ambassador Greer, Commerce Secretary Lutnick, and other U.S. officials knew that trade diversification through an expanded network of trade agreements is a hallmark of Carney's economic policy, it is reasonable to ask whether this apparently last-minute demand was a deliberate (and successful) effort to scuttle the negotiations.

Other 'red lines' for Canada reportedly included a refusal to reduce tariffs on medium and heavy trucks, which was considered essential to preserve the Canadian automotive industry, and pressure to curtail the use of French in streaming services and French content requirements in Quebec and elsewhere. ([Red lines](#)) The U.S. appears also to have sought "exclusive access" to Canada's critical minerals. ([Critical mineral access](#)) (Bloomberg reported that U.S. negotiators had been willing to eliminate a lumber tariff, a decades-long irritant in bilateral relations, but no details were provided.)

Reliable public reports in mid-August (before the alleged last-minute U.S. demands) suggested that Prime Minister Carney was willing to remove retaliatory tariffs on Canadian imports of U.S.

automotive products, steel and aluminum; improve to at least a limited degree U.S. access to Canada's dairy market; and pressure the premiers of eight Canadian provinces to discontinue the boycott of American wine and distilled spirits in provincial liquor stores. (These were three of the major U.S. complaints that generated the July threat of tariffs.) ([Settlement Proposals](#)) Ultimately, what Carney was reluctant to accept, for the longer-term, were lower but still prohibitively high tariffs on three mainstays of the Canadian industrial economy, steel and aluminum (50% to 25%) and autos (25% to 15% on the non-US content). According to some published reports the 25% steel tariff (but not the lower aluminum tariff) would only have applied to the first four million tons, with additional exports reverting to 50%. ([Steel quota](#)) Derivative steel and aluminum products were to be subject to varying rates.

It also seems evident Canada had concluded, based on their own and other countries' experience with the constantly varying levels of Trump's tariffs over the past 18 months, that any deal concluded at this time could never be regarded as final, as it might be changed in the future based on the Mr. Trump's whims. As Carney suggested in his August 22 speech to the nation, U.S. trade agreements are "signed in pencil." ([Written in Pencil](#))

Implications

The failure to conclude the deal is a defeat for many stakeholders throughout North America, with the ongoing uncertainties continuing to retard both foreign and domestic investment and job creation for the foreseeable future. Some of the smaller Canadian producers of the goods subject to the new 50% tariffs, and their U.S. customers, may not survive. Canadian exporters and U.S. buyers of steel, aluminum and autos will continue to face higher prices. American wine producers will continue the loss of their largest export market. ([US wine exports](#))

The tariffs on aluminum seem particularly unwise since the U.S. is not a leading producer due to prohibitively high electricity costs and local opposition based on environmental impacts of new smelters. ([Oklahoma Smelter Opposition](#)) Nor is it in the U.S. interest to become more dependent on leading foreign producers Russia and China--where "national security" concerns are not bogus--for U.S. aluminum needs. (Aluminum shipments from the UAE have been disrupted by the Iran war.) Petroleum interests in Alberta, who for the first time in a decade saw the possibility of a revival of the XL pipeline project (an objective shared by Trump), are no doubt disappointed, as are refineries throughout the U.S.

The U.S. attempt to restrict Canada's agreements with third countries, the latest escalation of the Trump/Greer/Lutnick tariff war with Canada and potentially all other U.S. trading partners, the designation of Lake Ontario as "Lake America" deeply troubling for reasons that go well beyond additional fracturing of what until January 2025 was the United States' premier political and military as well as economic relationship. Significantly, the United States is attacking trade agreements that are consistent with Article XXIV of the GATT, which has authorized limited discrimination in favor of FTA partners since 1947 (as with the USMCA among the U.S., Canada, and Mexico, which Trump championed). It is one affront to provide in USMCA Article 32.10 that Canada and Mexico may not conclude new trade agreements with non-market economies (e.g., China). These broader restrictions on third country trade agreements are a challenge to sovereignty that neither Canada nor most other U.S. trading partners are prepared to accept, even when many have already tentatively concluded one-sided trade "deals" with the United States. The EU countries in particular should take note.

This latest iteration of the trade "war" (Carney's term) is far from over. Carney, with strong backing from several provincial leaders and many businesses, has promised "dollar for dollar" retaliation, which will have already resulted in threatened counterretaliation by the United States, as Ambassador Greer has promised, 50% tariffs on key exports to take effect January 1. ([U.S. Counterretaliation](#)) Whether and when bilateral negotiations will resume is uncertain. One likely result of the impasse is that even more Canadian citizens will continue to boycott U.S. products and avoid vacation travel to the United States.

Impact on Mexico

If anyone sees a silver lining to this cloud it could be Mexican President Sheinbaum. Had the deal with Canada gone forward, her cordial relationship with Trump compared to Carney's frostier one could have attracted broad criticism in Mexico, despite recent friction over Trump's demand that the U.S. be permitted to send troops into Mexico to fight drug cartels. ([US Troops to Mexico](#)). Formal USMCA negotiations between the U.S. and Mexico that began months ago and are scheduled to continue in September. ([Next US-Mexico Talks](#)) At present, Mexico has little to show from them other than Trump and Greer's kind words.

Moreover, Mexico is apparently still facing US demands for 50% U.S. content to qualify for (unspecified) reduced auto tariff access to the U.S. It also seems likely that the U.S. will be reluctant to offer Mexico a better deal than the 25%-25%-15% (steel, aluminum, autos) reduced tariffs offered to (and rejected by) Canada. Unlike Canada, Mexico is benefitting from greatly increased AI computer server exports to the U.S. (Mexico recently passed Taiwan to become the number one U.S. source.) ([Mexican Server Exports](#)) Unfortunately, with a Mexican value added estimated at only 5%-7%, the server boom helps the export numbers (with the increasing trade surplus a risk), but it will do little to stem unemployment in the automotive sector.

This newest demand relating to Canada's third-country trade agreements is also a wake-up call for Mexico, which currently has free trade agreements with the UK, the EU, the European Free Trade Association, Japan, the Transpacific Partnership members, the members of Latin America's Pacific Alliance, and dozens of other countries. ([Mexico's free trade agreements](#)) Those agreements are designed to be consistent with GATT Article XXIV or the 1979 GATT Enabling Clause (which permits FTAs among developing countries under more flexible rules than GATT article XXIV). ([Enabling Clause](#)) If Canada is being challenged because of its third-country trade agreements, Mexico has no assurance that it will not be next on the list. ■

David A. Gantz

Will Clayton Fellow for Trade and Int'l
Economics
Baker Institute for Public Policy
USA

LINE ANDERSEN WENDLAND

The EU should avoid escalating the trade conflict with the US

Expert article • 4094

A trade conflict between the European Union (EU) and the United States (US) would raise prices, weaken growth and reduce prosperity on both sides of the Atlantic. The EU should therefore avoid retaliatory protectionism and instead pursue greater trade openness with third countries.

The benefits of free trade – beside being a feature of a free society – are substantial. Free trade increases product variety, allows firms to specialise and achieve economies of scale, and exposes domestic firms to international competition, which raises productivity and drives economic growth and prosperity.

Conversely, protectionism distorts production and consumption, shielding inefficient producers at the expense of consumers and more competitive firms.

Protectionist policies primarily harm the economies that impose them. That is a crucial argument as to why the EU should avoid a trade conflict with the US.

US tariffs will mostly harm US consumers and importing firms by increasing prices and reducing efficiency. EU exporters will also be affected, as higher prices reduce US demand for EU goods. However, EU firms can mitigate this initial decrease in demand by expanding into other markets.

If the EU retaliates with new tariffs, EU consumers and importing firms bear the main costs through higher prices and further market distortions. At the same time, retaliation risks escalating a trade conflict, harming both economies.

In theory, retaliatory tariffs can serve as a deterrent. But this approach is costly and uncertain. A better strategy is to negotiate lower trade barriers by offering to reduce existing barriers. Fewer barriers benefit both parties, especially the party opening itself to greater competition and trade.

The EU has considerable room to liberalise its own trade regime. While the EU promotes free trade internally, external barriers remain extensive. In the EU, 75 pct. of the collected customs duties are destined to the EU budget and make up more than 10 pct. of the total budget in the EU, creating incentives to preserve them despite the costs imposed on consumers.

In addition to the more visible barriers as tariffs, non-tariff barriers (NTBs) play a significant role. Tariff quotas, technical standards, and extensive regulation often raise the cost of entering the EU market.

One example is that technical standards and extensive regulation in the automotive industry requires third country manufacturers to adapt their cars to the EU market.

Another example is the Corporate Sustainability Reporting Directive (CSRD), that impose extensive reporting requirements not only on European firms but also on third country firms operating in the EU. Regardless of the directive's broader objectives, the effect is higher compliance costs and reduced trade.

Recently more explicit protectionist policies have returned. The EU Commission wants to include "Made in Europe" criteria in public procurement, which would reduce international competition and increase costs for taxpayers and consumers.

Even though it is difficult to quantify the scope of NTBs, there is no doubt that they impose significant barriers to trade between the EU and third countries.

When negotiating trade deals with third countries, the EU should focus not only on removing foreign barriers, but to a greater extent remove its own barriers of entry – both tariffs and NTBs. This would especially benefit EU consumers.

Protectionism is often justified to shield domestic industries. However, that is a misguided consideration. International trade and competition drive development through innovation and increased productivity. Free trade promotes producers that deliver the best and most affordable products to consumers. Barriers to trade drive up prices and reduce quality.

Allowing the market to work efficiently ensures that resources are used where they create the most value. Some firms will inevitably lose in international competition, just as some firms do in domestic markets. This is a desirable outcome, as the competition ensures that resources are shifting toward more productive uses.

Even if competition is driven by foreign subsidies, barriers to trade are harmful. If other countries deliver cheaper and/or better products – subsidized or not – it is of benefit to consumers. In effect, foreign taxpayers help finance cheaper goods in Europe.

If policymakers want to support workers or industries facing adjustment costs, direct and targeted measures are preferable to trade barriers. Retraining programs or temporary income support are less distortionary than tariffs.

A trade conflict between the EU and the US would damage both economies. However, trade barriers harm the part that introduces them the most. For that reason, the EU should pursue openness and avoid retaliation, regardless of the trade policies of other countries. ■



**Line Andersen
Wendland**

Economist
Center for Political Studies (CEPOS)
Denmark

line@cepos.dk

MINNA ARVE

From trade to cooperation in times of geopolitics

Expert article • 4095

When the speeches end, the laser finally cuts into the first sheet of steel at a shipyard in Pori, Finland. The applause almost drowns out the sound of the machine. Finnish and American flags hang side by side above the steel. Government representatives, shipbuilders and representatives of the United States Coast Guard have gathered to mark the beginning of construction of a new Arctic Security Cutter. I can feel the excitement in the air.

It was a ceremonial moment, but also a remarkably concrete picture of the changing transatlantic relationship. American demand, Finnish maritime expertise and our shared security interests are becoming increasingly intertwined. The transatlantic relationship of the Turku region – and, indeed, much of southwestern Finland – is also changing. Perhaps it would be more accurate to say that a new kind of relationship is only now beginning to emerge.

We have long had American-owned companies in the region, creating high value added and employment. Today, however, the transatlantic connection is increasingly built around Finland's Arctic expertise, our shipbuilding capabilities and the close relationship between Finland and the United States.

This connection is mutually important. At the same time, southwestern Finland is highly exposed to decisions made across the Atlantic – from the choices of American consumers to the trade policies of the US administration.

And this exposure extends far beyond the shipyards of Turku, Rauma and Pori. Behind every magnificent cruise ship and powerful icebreaker is a vast industrial ecosystem that takes a vessel from the drawing board to its maiden voyage. It includes hundreds of suppliers and technology companies, universities educating the next generation of experts, service companies benefiting from the employment and purchasing power generated by strong order books, municipalities receiving tax revenues and, ultimately, the entire Finnish economy.

The value of a single large cruise ship can approach nearly EUR 2 billion. One vessel alone can therefore make a visible contribution to Finland's export figures and account for a significant share of Finnish exports to the United States.

Finnish Customs statistics for 2025 show that the United States was Finland's second-largest export market for goods. It accounted for 10.4 per cent of Finnish goods exports, worth almost EUR 7.7 billion. Cruise ship exports alone represented EUR 1.8 billion, or 24.3 per cent of Finland's goods exports to the United States. Without them, Finnish exports to the US would have fallen by approximately 15 per cent.

Cruise ships have – at least so far – not been subject to tariffs. This means that their future depends more directly on the American consumer. Those of us who have followed the industry for a long time know that consumer demand inevitably goes through cycles. For Finland's maritime industry, this makes the present moment particularly important. The ecosystem has an opportunity to build new pillars of growth alongside cruise ships, including through the development of dual-use technologies. Potential customers can be found both in our domestic as well as EU markets and across North America, in the United States and Canada.

Icebreakers are a different business, even though building them draws on much of the same industrial expertise. The customer is a government. Financing depends on political priorities and circumstances, and protectionism is structurally embedded in the market. A decision taken in Washington can have consequences simultaneously in Rauma, Pori and Helsinki, as well as in dozens of communities across Finland where companies in the maritime supply chain are located.

This brings me to the question can industrial cooperation remain successful for both sides when international economic relations are becoming increasingly transactional?

The current US administration's trade and industrial policy is explicitly based on an "America First" approach. Its objective is to increase American production, expertise and employment, and to bring industrial capacity back to the United States. The same logic applies to the icebreaker programme. Finnish expertise is being used to meet an urgent American need, but the cooperation is also expected to generate investment, expertise and production in the United States. As America strengthens its national security by acquiring icebreakers from Finland, it is also acquiring the capability to build more of them itself.

I believe this model can work – and can benefit both sides.

Finland has capabilities that the United States needs today: the ability to design and build highly demanding vessels, world-class Arctic expertise, an established supplier network and the ability to deliver. The United States, in turn, offers Finland's maritime industry an enormous market and an opportunity for Finnish companies to become part of American value chains.

We should not be afraid of expertise moving to the United States. Our task is to remain relevant by continuously strengthening and renewing our own capabilities across the entire maritime ecosystem.

Expert article • 4095

I have often said that the competitiveness of a shipyard is also built outside the shipyard gates. This is where cities, universities and regions have an important role. Skills, research, infrastructure, new companies and innovation do not emerge inside a single industrial facility. They are created within the ecosystem surrounding it.

Our competitive advantage cannot depend on Americans not learning how to build icebreakers. Of course they will – that is one of the objectives of the current arrangement. Finland's competitive advantage must come from ensuring that by the time today's technologies have moved into production in Texas or Louisiana, we are already developing the next generation: autonomous systems, new propulsion technologies, advanced sensors, cybersecurity, Arctic navigation, resilient maritime logistics and dual-use technologies.

This is also why we at Business Turku are building a new regional maritime security cluster based on our existing maritime expertise and capabilities in autonomous systems, working together with public authorities, companies and universities.

The geopolitical environment is pushing us to become better, more innovative and more efficient. Autonomous systems, sensors and situational awareness, cybersecurity, port security, resilient logistics, Arctic technologies, energy systems, dual-use solutions and shipbuilding together constitute a major emerging market. Southwestern Finland has an exceptionally strong foundation from which to compete in it.

Our task is to help companies in our region turn existing expertise into next-generation products, new innovations and international business. This creates opportunities for established maritime companies, but equally for startups capable of bringing entirely new technologies into the sector.

Mutual dependence can therefore provide the foundation for a new form of transatlantic industrial cooperation – perhaps even a new kind of partnership.

Finland can be more than the country that knows how to build icebreakers. We can help create a new model of industrial cooperation in which we collaborate and compete at the same time – in an era of growing security needs, intensifying competition for markets and a resurgence of economic protectionism and nationalism.

The ambition should go beyond building Finnish-designed ships for American customers. We should build a transatlantic maritime innovation ecosystem in which Finnish and American companies develop technologies together, invest in each other's markets and strengthen the industrial capacity of both countries.

My thoughts return to the shipyard in Pori.

As the first steel was cut, we were celebrating the beginning of a new ship. Perhaps we were also witnessing the beginning of something larger: a new kind of transatlantic industrial partnership. ■



Minna Arve

CEO
Business Turku
Finland

ARLO POLETTI

Europe must rethink its trade strategy in the age of American protectionism

Expert article • 4096

For decades, the European Union and the United States stood side by side as architects of the global trading system. Together, they built a world defined—at least in principle—by open markets, multilateral rules, and predictable economic cooperation. That world is now gone.

The European Union remains the world's largest trading bloc, with unmatched weight in global commerce. Yet its ability to shape international trade has been fundamentally challenged—not by distant rivals, but by its closest partner. The protectionist turn in Washington has not just disrupted transatlantic trade. It has forced Europe to confront an uncomfortable reality: the United States is no longer a reliable steward of the system it helped create.

This shift did not happen overnight. The EU's trade policy has long been rooted in a supranational framework, with the European Commission negotiating on behalf of member states under the Common Commercial Policy. Over time, this system has evolved, incorporating new regulatory areas and giving the European Parliament greater influence. Throughout, the EU has tried to strike a balance—opening markets abroad while shielding vulnerable sectors at home.

That balancing act was sustainable as long as the broader system held. It no longer does. The decisive break came with the return of aggressive US protectionism. The Trump administration's 2025 trade offensive—raising tariffs to levels not seen in decades—marked a clear departure from the transatlantic consensus. The subsequent EU-US agreement, which imposed a 15% tariff on most European exports while granting broad concessions to the US, was less a negotiated settlement than a managed retreat.

European leaders presented the deal as damage control. In truth, it revealed the limits of Europe's leverage. Faced with the threat of even higher tariffs, the EU accepted terms that would have been unthinkable just a few years earlier. The economic costs are real—higher barriers in the EU's most important export market, with measurable impacts on growth. But the political consequences are far more significant.

The transatlantic relationship has changed in kind, not just in degree. For most of the postwar period, the EU and the US acted as joint custodians of global trade rules. Even when disagreements arose, they shared a common interest in maintaining the system. Today, that shared interest has eroded. The United States is increasingly willing to use its market power unilaterally, extracting concessions from allies as well as rivals. Trade policy has become an instrument of strategic competition, not cooperation.

Europe is poorly positioned for this new reality. Its large trade surplus with the US makes it particularly vulnerable in any escalation. Its dependence on American security guarantees further constrains its willingness to retaliate. And the weakening of the World Trade Organization means that legal remedies have given way to power politics. In short, the EU faces a structural disadvantage in a game it did not choose to play.

What, then, is to be done? First, Europe must abandon the illusion that restraint will be rewarded. The hope that accommodating US demands will stabilize the relationship has already proven misguided. If anything, the opposite is true: concessions invite further pressure. The EU does not need to seek confrontation, but it must be willing to respond in kind. Credible retaliation is not escalation for its own sake—it is the minimum requirement for being taken seriously.

Second, Europe must reduce its dependence on the American market. Diversifying trade partnerships is no longer just good economic policy; it is a strategic necessity. Agreements with Latin America, Asia-Pacific economies, and other regions will not replace the US overnight, but they can provide alternatives—and, crucially, leverage. A Europe with options is a Europe that negotiates from strength.

Third, the EU must fully embrace its role as a geoeconomic power. In recent years, it has begun to develop the necessary tools: mechanisms to screen foreign investments, counter unfair subsidies, and respond to economic coercion. These instruments mark an important shift away from the EU's traditional reliance on rules alone. But tools are only as effective as the willingness to use them. If Europe hesitates, they will remain symbolic.

None of this means abandoning the idea of an open trading system. On the contrary, the EU has a strong interest in preserving it. But openness cannot be defended with passivity. In a world where others are willing to weaponize trade, Europe must be prepared to defend its interests with equal determination.

The uncomfortable truth is that the era of easy transatlantic cooperation is over. The United States has made clear that it will pursue its trade interests with little regard for past partnerships. Europe can lament this shift—or it can adapt. Adapting will not be easy. It will require political will, internal cohesion, and a readiness to accept short-term costs in pursuit of long-term autonomy. But the alternative is worse: a slow erosion of Europe's position in the global economy, one concession at a time. For a union built on the promise of economic strength and strategic influence, that is not a future worth accepting. ■

**Arlo Poletti**

Professor of International Relations
University of Trento
Italy



TOMI KRISTERI

Can the broken trading system still be fixed?

Expert article • 4097

The global trading landscape is increasingly defined by tariffs, economic coercion, and rising great-power competition. Rather than stemming solely from political leaders like U.S. President Donald Trump, these developments reflect structural shifts in technological advancement, the rise of the Global South, and realigned geopolitical relations. Contrary to popular narrative, this shift does not signal the end of globalization, but is instead a crisis of global governance. Built for a bygone era, global institutions have struggled to channel these structural conflicts through the multilateral system of rules.

This institutional paralysis mirrors historical precedent. Following the First World War, the decline of British economic leadership left a vacuum that led to a proliferation of destructive protectionist policies. To prevent a repeat of this scenario after the Second World War, the U.S. drove the establishment of the General Agreement on Tariffs and Trade (GATT), which later evolved into the World Trade Organization (WTO). The WTO's binding dispute settlement mechanism was designed to insulate international trade from geopolitical shocks, operating on the premise that institutionalization could eventually substitute for unipolar leadership.

By the 1990s, European and Japanese economic recovery and China's market integration highlighted structural faultlines in the system. Following its 2001 WTO accession, China retained state-driven economic policies and subsidies that heavily distorted international competition. Simultaneously, divergent economic interests between industrialized nations and emerging economies made consensus increasingly difficult to achieve, leading to the prolonging of multilateral trade negotiations.

The WTO proved ill-equipped to resolve these issues through political consensus, relying instead on its binding dispute settlement system to manage conflict. However, this judicialization of trade disputes created further friction, as key members felt the Appellate Body was exceeding its mandate. Viewing multilateral rules and judicial rulings as overly restrictive of its sovereignty and national interests, the U.S. ultimately paralyzed the Appellate Body by blocking judicial appointments, effectively disabling the core enforcement mechanism of multilateral trade rules.

The crippling of the WTO's enforcement mechanism has directly accelerated unchecked great-power competition. The absence of an effective multilateral arbiter, coupled with sluggish economic growth and intensifying geopolitical rivalries, has produced conflicts that a functional WTO system might otherwise have mediated. Without a working multilateral framework, these disputes are now addressed unilaterally, triggering cycles of trade wars.

The absence of enforcement capability for global rules has resulted in divergent calls to reform the WTO. The U.S. has called for trade based on reciprocity rather than unconditional non-discrimination, objective criteria for developing-country status, agreements that deny benefits to non-signatories, and no WTO review of national security measures. This is largely consistent with protecting its own industries against Chinese competition on security grounds.

The EU has outlined its own suggestions for reform, calling for stricter rules on subsidies and state intervention, measures to unblock decision-making, and sector-specific agreements whose benefits are reserved for participants. While the EU is more intent on maintaining a rules-based core through institutional flexibility, its proposal largely aligns with the U.S. vision. Like the U.S., the EU aims to shield its internal market from Chinese competition while retaining enough openness to support its export-oriented sectors and mitigate further system deterioration.

In contrast to these proposals, China presents itself as a defender of an open, non-discriminatory system against unilateralism. It has pledged not to seek new special treatment in future negotiations and signaled openness to subsidy talks, provided they respect its state driven economic system and preserve room for industrial policy. As the world's largest exporter, China benefits significantly from non-discrimination, and its defense of the current framework keeps its economic model largely shielded from global oversight.

Ultimately, fixing the world trading system will not mean restoring the post-Cold War vision of universal rules, but rather adapting to a new landscape of geoeconomic competition. Given the sharp divides among key trading powers, a unified system is unlikely to re-emerge. Instead, global trade is likely to increasingly rely on plurilateral deals, regional blocs, and minilateral strategic partnerships. In other words, the system will continue, but within defined geopolitical boundaries. ■

**Tomi Kristeri**

Research Fellow

Finnish Institute of International Affairs
Finland

tomi.kristeri@fiia.fi

OTTO BRØNS-PETERSEN

Climate policy and competitiveness

Expert article • 4098

Few countries have climate targets more ambitious than those of the EU. At the same time, the EU is challenged by persistently low economic growth — often described as a problem of weakened competitiveness.

The question is whether climate policy can be improved so that it hampers economic growth less, or whether climate policy can even improve growth rates. The answers to the two questions are yes and no, respectively.

Green industrial policy is a dangerous mirage. Unfortunately, the belief has spread that aggressive industrial policy can be designed to deliver almost exclusively such benefits: lower greenhouse gas emissions and higher growth. The message is politically tempting, but wrong and risky. It could easily make Europe's growth problems worse.

The reality is that climate policy comes with a net cost. Otherwise, there would have been no climate problem in the first place. Countries and companies would be competing to solve the climate problem simply to reap the direct gains. Climate change would not be the free-rider problem it is.

The benefits of lower temperature increases are global. The costs of combating climate change fall on individual countries or individual companies. Neither the theory behind active industrial policy nor the practical experience with it is encouraging. Imposing additional green constraints will only reduce the already poor prospects of success further.

Similarly, it is an illusion that the EU can solve its problem of high energy costs by subsidizing renewable energy. The cost of subsidies, backup and storage and the instability of supply must be counted as parts of total costs — not only the direct electricity price when the sun is shining and the wind is blowing.

While climate change is far from a gift from heaven that can make us richer, there is considerable potential to reduce the costs of the green transition — in other words, to make us less poor. The costs are, of course, not an argument for doing nothing about the climate problem. Unnecessary costs, however, are difficult to justify. In the long run, one should expect that the higher the price of the green transition, the less of it there will be.

The basic principle of cost-effective climate policy is to set a uniform price on greenhouse gas emissions across sectors and EU countries. This will allow decentralized market forces to eliminate the emissions that can be reduced at the lowest cost. In the EU, there is a uniform price in ETS1, which covers power plants, industry, aviation and maritime transport. The solution is to expand ETS1 to cover as many emissions as possible and to link the price of emissions in the remaining non-ETS sectors to the allowance price. In the long run, national burden-sharing requirements should be scrapped altogether, just as member states should avoid additional national targets on top of the EU-wide emissions cap.

A green transition driven by direct regulation — command and control — and subsidies for, for example, renewable energy is not cost-effective. Pricing provides a large indirect subsidy for producing clean energy and leaves it to the market to phase out the least necessary emissions. Technical standards and technology bans — for example, on conventional cars — ignore differences in abatement costs.

The costs of reducing greenhouse gas emissions cannot be assessed independently of the damage caused by greenhouse gases. Ideally, there would be a global CO₂e price equal to that damage. The current allowance price in ETS1 is within the range of the social cost of carbon, but the relevant marginal carbon price still differs considerably across sectors and member states, due to regulations and national taxes.

The EU accounts for far less than 10 percent of global greenhouse gas emissions. EU climate policy will therefore play a limited role unless it is designed with this reality in mind. First, the EU should ensure that there is an element of reciprocity and should not move ahead unconditionally. Second, the EU should focus strongly on cost-effectiveness. Expensive and inefficient climate policy may deter other countries rather than inspire them to reduce emissions.

Admittedly, climate and growth are not the only considerations in energy policy. Security has become a pressing concern. But we should be careful not to let security become a magic word that opens the door to bad policy — just as the growth problem should not open the door to active industrial policy.

A policy that compromises growth in the name of security will ultimately undermine the most important precondition for security policy: a high level of prosperity that can be mobilized to deal with known and unknown threats as they materialize. ■

Otto Brøns-Petersen

Director of Analysis

Center for Political Studies (CEPOS)

Denmark

MILAN ELKERBOUT

Transatlantic geopolitical and climate change

Expert article • 4099

While transatlantic friction is nothing new – think De Gaulle in the 1960s or the runup to the Iraq war in 2003 – the second Trump administration has seen widely divergent threat perceptions across the Atlantic on both traditional security issues as well as on energy and environment. US threats to Greenland's (i.e. Denmark's) and Canada's sovereignty have forced Europe to reconsider its security provision, while it continues to support Ukraine against Russia's aggression. The US-Israel war against Iran induced a still evolving energy shock, with traffic through the straits of Hormuz and Bab al-Mandab substantially reduced at the time of writing.

In the area of energy, climate, and trade, more divergences are showing. As the world's largest fossil fuel producer, the US currently perceives greater threats from the energy transition than from climate impacts, even as the latter causes real costs in the US, from wildfires to knock-on effects on home insurance. A set of back-to-back heatwaves in Europe, combined with the reality that many of its fossil fuel imports come from regions either in direct conflict (middle east) or economic conflict (US trade), keeps the energy transition alive in the EU. Security and competitiveness concerns may keep it from top priority, but EU climate policies continue to be implemented, albeit with less vocal support.

In trade policy, the Trump administration has issued a range of executive actions to implement new tariffs that more than quintupled the average tariff rate. The deal that the US and EU struck in Turnberry in 2025 fixed most US tariffs on the EU at 15%, yet US threats to further raise tariffs in response to EU policymaking continue. One of the points of tension is the EU's carbon border adjustment mechanism (CBAM). The CBAM extends the EU's carbon price signal from its domestic emissions trading system to imported goods such as steel, aluminum and fertilizers. Although several countries – the US included – have argued for country-specific treatment under the CBAM, the EU's border measure does not discriminate between countries. What's more, some countries can even benefit from CBAM, even when new charges are applied to their imports—and the US is one of them. The carbon intensity of US manufacturing in the steel and aluminum sectors is better than the global average. As CBAM applies to all imports, irrespective of origin, in a covered sector, countries with better than average carbon intensity may see their competitiveness improve on the EU market as others face higher CBAM costs.

This intersection of climate and trade policy may continue to be relevant in transatlantic relations, even if the political winds in Washington DC change. Both Europe and the US consider it strategically important to support their domestic manufacturing industries. Both sides of the Atlantic are also concerned about competition from China in this regard. Several industrial sectors including steel see global overcapacity, with sustained Chinese exports contributing to the glut. This points towards one key difference between the two sides of the Atlantic: the EU's economic model is geared towards exports markets whereas in the US, strong domestic consumption and the role of the US dollar as the global reserve currency make it a net importer. The EU therefore competes with China's economic prowess in both home and foreign markets. While the EU – and Canada – may thus seek to diversify their global partnerships in response to US mercantilism, structural interests may limit the extent to which this is feasible. China's continued support for Russia's aggression will surely focus minds in Brussels as well. A transatlantic strategy on climate-and-trade policy, where both parties exploit their relatively low-carbon intensity while pursuing both emissions reductions and economic competitiveness goals, could again be attractive in the future—but only in a world where the US is back at the global climate policymaking table.

Beyond the EU-US relationship, relations between the EU and Canada are deepening in the context of common challenges. Ideas such as Canadian associate membership of the EU, that would have been readily dismissed at the start of 2025 are now on the political agenda for the end of 2026. What "associate" means in this context is an entirely different question. Mark Carney's coalition of middle powers is instinctively attractive to EU countries who fear being swept asunder in the great power game of the 21st century. Canada's (as perhaps Greenland's) critical minerals reserves can play a role here, as they are important for the energy transition and defense industry alike. Yet, such a coalition won't be able to ignore the actions of the superpowers on critical minerals. The EU's and Canada's experience with carbon pricing may prove fruitful for another avenue in plurilateral cooperation: the Open Coalition on Compliance Carbon Markets. With China a member, such coalitions could shape the geoeconomic landscape no matter how the US wishes to engage its traditional transatlantic partners in the future. ■

**Milan Elkerbout**

Fellow

Director International Climate Policy
Initiative Resources for the Future
Washington DC, United States

melkerbout@rff.org

MATTI KAHRA

EU-US climate policy in a fragmented world

Expert article • 4100

Geopolitical fragmentation, competition between major powers and diverging policy and technology priorities are reshaping the global order. Climate change remains a global challenge that requires cooperation across borders. Although US and EU climate policies are moving further apart institutionally, their industrial and investment challenges are becoming more similar. This creates scope for practical cooperation even without policy convergence.

Climate and energy policy is no longer only an environmental issue. It is at the heart of economic competitiveness, energy security, industrial policy, and technological leadership. Russia's ongoing war against Ukraine and renewed conflict and instability in the Middle East in 2026 have demonstrated the strategic importance of secure energy supplies, resilient infrastructure and diversified value chains. Rising electricity demand from artificial intelligence and data centers has further elevated these challenges.

Europe and the United States approach this landscape differently. The European Union has long developed an extensive climate and sustainability framework based on mandatory targets, regulation, corporate disclosure requirements and policies. Although recent reforms have placed greater emphasis on simplification and competitiveness, transition and reporting requirements remain central for European companies and financial institutions.

The United States has increasingly framed energy policy through industrial competitiveness, domestic production and energy security. Recent policy developments, including the 2025 One Big Beautiful Bill Act, put more emphasis on domestic manufacturing, energy supply, strategic infrastructure, and critical supply chains. The direction at the federal level is less about emissions reductions but prioritizing domestic energy abundance, industrial resilience and technologies seen as important for long-term competitiveness. This shift changes investment incentives but does not remove the role of innovation. Support remains stronger for areas such as nuclear power, geothermal energy, battery storage, carbon capture, and selected low-carbon fuels. By contrast, support for electric vehicles, residential clean-energy measures and parts of the wind and solar value chain is being reduced or scheduled to expire earlier than under the previous IRA policy framework. Stricter domestic-content and supply-chain requirements also reflect a broader aim to strengthen U.S. industrial capacity and reduce strategic dependencies. While federal policy has shifted, state policies, private investment and favorable economics continue to support transition.

These differences create practical challenges for companies operating across the Atlantic. Diverging sustainability regulations, reporting standards and industrial-policy frameworks increase uncertainty and complexity and can raise compliance costs. Investors must assess long-term opportunities in an environment where policy architecture is dynamic; incentives change and geopolitical uncertainty remains high. Regulatory fragmentation can slow overall investment if it reduces predictability.

Yet the differences should not obscure important similarities. Both Europe and the United States need large-scale investment in reliable, affordable and increasingly low-carbon energy systems and industrial capacity. One of the strongest common drivers is rising electricity demand. Electrification of transport and industry is expected to increase power consumption long-term, while AI and data centers are creating significant short-term demand. Energy security now depends not only on access to fuels, but also on reliable and affordable electricity systems that can support digital and industrial growth.

This is where policy divergence meets physical reality. Whatever their regulatory differences, both regions must expand and modernize electricity systems. Significant investment is needed in capacity but also more widely in transmission networks, distribution grids, storage, flexibility, and modernization. Permitting delays, supply-chain constraints, price volatility and inadequate grid capacity become bottlenecks regardless of climate objectives. Policymakers on both sides of the Atlantic are therefore focusing more on affordability, resilience, and actual delivery.

Private capital mobilization will be essential in both regions. Public funding can accelerate deployment, but the scale of required investment is far beyond public resources alone. Financial institutions, pension funds, asset managers, and companies will play a central role in investing and financing infrastructure and new technologies. Stable policy frameworks, credible long-term signals, and predictable regulation are essential to mobilize capital at scale on both sides of the Atlantic.

The future of transatlantic climate cooperation might turn out to be less about converging rules and policies and more on economics and pursuing broader strategic objectives. Cooperation would benefit both through better infrastructure, reliability and flexibility, innovation, transition finance, climate-risk management, and resilient supply chains. Transatlantic climate cooperation may therefore become narrower but also more pragmatic: less focused on harmonizing policy frameworks and more focused on solving shared investment, infrastructure and security challenges. ■

Matti Kahra

Strategic ESG Expert
Nordea Bank, Group Sustainability
Finland

matti.kahra@nordea.com

Disclaimer: all views expressed in this column are my own and do not necessarily reflect the views of my employer.

STEFAN ŠIPKA

Transatlantic relations and the climate agenda under Trump 2.0

Expert article • 4101

Introduction

Transatlantic collaboration on climate action has reached its lowest point during Donald Trump's second presidential term. This development is embedded within a broader populist orientation in the White House and a conciliatory approach towards the Kremlin, while simultaneously distancing the United States from the EU and other liberal democracies. Together with unilateral actions against Venezuela and Iran, as well as territorial ambitions concerning Greenland and Canada, the Trump administration is actively contributing to the dismantling of the post-Cold War international order, including efforts to combat climate change.

While the EU has also experienced a backlash against aspects of the green agenda since the European elections, it remains committed to liberal democratic order, multilateralism and the Paris Agreement. However, the new geopolitical and transatlantic realities call for a prudent approach from EU policymakers to safeguard the Union's interests while avoiding extreme responses that could undermine climate action.

State of play

The United States has formally withdrawn from the Paris Agreement and declared its intention to leave the United Nations Framework Convention on Climate Change (UNFCCC), the Intergovernmental Panel on Climate Change (IPCC), and the Green Climate Fund (GCF). Domestically, the Trump administration has dismantled emissions standards, encouraged fossil fuel extraction, and weakened incentives under the Inflation Reduction Act for the deployment of clean technologies.

In transatlantic relations, climate policy is either absent from the agenda or viewed negatively by the Trump administration. The United States is exerting pressure on the EU to purchase American liquefied natural gas (LNG), relax its rules on AI governance and competition policy, and establish a common price floor for critical raw materials to counter China's dominance in this area. While the EU remains open in principle to transatlantic cooperation, its cautious stance towards the White House is largely a reaction to Trump's policies rather than a manifestation of genuine anti-American sentiment.

Nonetheless, the anti-climate stance across the Atlantic is absolute only at the federal level. Strong climate commitments continue to exist in many US states and cities, providing some grounds for optimism regarding the continuation of transatlantic climate cooperation.

The global geopolitical context

The United States and the EU find themselves operating in an increasingly geopolitical and geoeconomic world, characterised by growing security and competitiveness pressures. Russia has demonstrated its belligerence through its invasion of Ukraine. China continues actively to support its industrial expansion, including its leadership in clean technologies such as solar power, electric vehicles and battery manufacturing, while maintaining its one-party political system.

In this context, the United States has chosen to move away from multilateralism, deprioritise the clean transition, and rely on tariffs and other protectionist measures to counter China's economic rise. In doing so, it has contributed to consolidating an emerging global order characterised by relative gains, unilateralism, transactionalism and power politics.

While the EU is also becoming more assertive in safeguarding its economic security, it remains committed to its 2030 and 2050 climate targets while introducing a new 2040 target during the current institutional cycle. The Carbon Border Adjustment Mechanism (CBAM) seeks to address the absence of a global level playing field in carbon pricing. The Industrial Accelerator Act envisages 'Made in Europe' provisions aimed at protecting European industry from unfair competition, particularly from China, although these provisions could also apply to third countries that maintain close partnerships with the EU.

The EU is therefore adapting to new geopolitical realities while maintaining stronger commitments to international rules and climate action than the United States.

The Effect of Trump's policies on the EU's climate commitments

The EU's dependence on imported and expensive fossil fuels continues to provide a strong incentive for decarbonisation and electrification through renewable energy and nuclear power. In the absence of US support however, it becomes more difficult for the EU to maintain ambitious climate policies, both domestically and internationally, particularly when these policies impose additional costs on industry and households.

At the same time, current transatlantic dynamics may create opportunities for the European clean technology sector. As the US turns away from climate leadership, previous concerns about the competitive impact of subsidies for the American green economy under the Inflation Reduction Act have become less pressing. This creates an opportunity for the EU to reassert its leadership in clean technologies. Such prospects become even more important given catastrophic effects of climate change, and when considering the alternative scenario in which China capitalises on the US retreat and further strengthens its dominant position in global clean technology markets. ■



Stefan Šipka

Head of Sustainable Prosperity for Europe programme
European Policy Centre
Belgium

s.sipka@epc.eu

CHARLOTTE UNGER

The USA's U-turn on climate policy – a global setback

Expert article • 4102

Since the beginning of the 2020s, we have seen a shift from a peak in climate policymaking towards a green backlash in many countries. The inauguration of Donald Trump as the 47th president on January 20, 2025, has caused massive changes in global trade and geopolitics but also triggered a series of climate policy rollbacks around the world. During his second presidency, denying climate change has taken center stage in his political strategy. He launched an all-encompassing campaign that can be summarized with two of Trump's favored slogans: Fight the "new green scam" and "Drill, baby, drill."

The Republican majority in both houses of Congress has enabled Trump to make swift progress in abolishing the climate policies of his predecessor, Joe Biden. For example, in July 2025, Congress passed the *One Big Beautiful Bill Act*, a law that, among others, initiated severe budget cuts in the environmental and climate areas. Trump's government quickly eliminated tax credits and funding for electric vehicles, wind, and solar energy projects.

The number of executive orders Trump signed during his first year and a half in office is very high, but some of his initiatives sadly stand out: The repeal of the USA's climate targets of 61% to 66% by 2035, the stop of the licensing of new wind energy projects on public land and waters, the order to halt the enforcement of state and local climate laws, the rollback of environmental justice programs, and a series of fossil fuel and deregulation directives that aim at accelerating domestic oil, natural gas, and coal production while dismantling standards for clean air and greenhouse gases (GHG) such as methane and other pollutants.

Trump's administration attacks the very foundations of U.S. environmental and climate policy. Perhaps the most prominent evidence for this is the Executive Order of February 2026 that made the U.S. Environmental Protection Agency (EPA) repeal the Endangerment Finding, the legal basis that allows the EPA to regulate greenhouse gases (GHGs) in the first place. While this endeavor is being legally challenged, all EPA GHG regulations, such as vehicle emissions standards, are suspended until a court orders otherwise.

President Trump has removed climate protection from the remit of all executive agencies. He is implementing this by restructuring and realigning the executive agencies (such as the EPA or the National Oceanic and Atmospheric Administration (NOAA)) and by placing his loyal supporters in key executive positions, most of them deniers of human-induced climate change. Governmental websites and official documents were cleaned of the term "climate change" and often communicate fossil fuels (e.g., "beautiful clean coal") as the best solution for increasing energy demand and prices.

In the USA, since 2025, a systematic erosion of climate science has been carried out by the government. Many academics and scientists are facing threats of defamation and unemployment. Long-standing institutions like the Wilson Center or the National Science Board have been closed down, and research funding across all climate- and environment-related fields has been cut.

The notion of "America First" and Trump's attack on multilateralism are also shown in the USA's withdrawal from international cooperative initiatives such as the International Renewable Energy Agency, as well as the stop of international climate policy and development funding (e.g., for the UNFCCC, IPCC, USAID).

The social and environmental costs of Trump's policies are tremendous and already showing: In 2025, overall GHGs rose for the first time after the previous downward trend, driven by higher electricity generation and coal, and, e.g., sales of electric cars fell by 4% (vs. global increase: 20%). Trump's anti-climate tactics are unprecedented and difficult to fix, even if the next president comes from the Democratic Party. They have disrupted his predecessors' attempts to green the U.S. economy and will likely cost jobs, drive up energy prices, and ultimately leave the emerging field of clean technologies to China.

These developments have also reinforced efforts from environmentalists, scientists, the Democratic Party, and even some industrial groups to mount resistance against Trump's political endeavors, most importantly, by suing the Trump administration in countless cases in court. The surge in energy prices has triggered societal dissatisfaction. In spite of Trump's rollback, investments in clean technologies are expected to reach record levels of 180 billion USD in 2026, and renewable energies have still grown in 2025 (e.g., solar power +34%). The USA's dropout from international commitments such as the Paris Agreement is dramatic, but at the same time has the positive effect that the USA cannot block or dominate negotiation agendas, like, e.g., in the G20. All eyes are now on the U.S. midterm elections in November 2026, which could dampen Trump's majority in Congress and make his legislative endeavors more difficult.

While transatlantic "climate" relations have been volatile for the past 25 years, animosity has reached a new dimension under Trump's crusade for geopolitical "energy dominance." His constant threats to impose new tariffs or to stop gas exports have left the EU on edge and created an atmosphere of aggression and antagonism. Even cooperative attempts such as the EU-USA deal on LNG seem to lack reliability. The bottom line of this is more global uncertainty and instability. Yet, maybe a positive outcome of Trump's second presidency is an "awakening" of the EU and hopefully a new strive towards a strong, independent Europe with new, more diverse, global partnerships. ■



Dr. Charlotte Unger

Senior Research Associate
Institute for Sustainability at GFZ
Germany

charlotte.unger@rifs-potsdam.de

MICHAEL A. MEHLING

Europe's energy transition in a fracturing world

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Europe enters the autumn of 2026 hemmed in on every side. A war on Iran has all but closed the Strait of Hormuz, lifting Brent above one hundred dollars and European gas to levels last seen in 2022. An El Niño forecast to become the strongest on record follows the hottest June western Europe has measured. Tariff conflict persists, the transatlantic rift widens, and energy security has returned to the top of the agenda just as electricity demand, driven by data centres and electrification, grows faster than it has in a generation. Scholars increasingly invoke the term polycrisis for such a confluence of challenges; rarely has the label fit so well. Amid these headwinds, Europe's ambitious energy transition has come under mounting pressure.

Across the Atlantic, the second Trump administration has moved from passive disengagement to active antagonism of any climate action. Withdrawal from the Paris Agreement and the climate framework convention, rescission of the endangerment finding, rollback of sectoral decarbonization rules, and curtailment of clean energy tax credits have dismantled much of the domestic architecture. What distinguishes this retrenchment is the effort to export it: in the Turnberry trade framework, ratified in June with sunset and suspension clauses that betray how little trust remains, the EU's Carbon Border Adjustment Mechanism (CBAM) and several sustainability rules figure as irritants to be softened, while fossil energy purchases from the U.S. serve as a condition for tariff relief.

Beijing presents a mirror image. China commands scale and, increasingly, the innovative frontier across virtually every advanced technology, from solar and batteries to robotics, artificial intelligence and semiconductors; mounting evidence suggests that its emissions have plateaued. Yet with an economy propelled by exports rather than domestic consumption, China's overcapacity has sharpened competition with trade partners. Economic rivalry has become increasingly entangled with a broader geopolitical contest with Europe and North America, manifesting itself in export controls on rare earths and countermeasures against the extraterritorial reach of American and European rules. Climate change threatens all powers alike, yet the great powers have chosen contest over coordination.

Brussels, caught between these poles, holds its ambition on paper while ceding ground in practice. A ninety per cent target for 2040 entered into force in April; yet several Member States revolted against the European carbon price this spring, a decision to phase out new internal combustion engines by 2035 is being revisited, and rules on corporate sustainability reporting and due diligence, tropical deforestation, and carbon pricing of fuels have been diluted or delayed. More recently, the July proposal to review the emissions trading system would extend free allocation of allowances well into the next decade.

In this context, the Iran war has inverted the logic of energy dominance espoused by the Trump administration. Europe imports four fifths of its oil and two fifths of its gas by sea; with storage low as winter nears, it competes with Asia for every cargo. Hormuz has confirmed what the loss of Russian gas already taught: energy

vulnerability lies in dependence on imported fossil fuels, whoever the supplier. Ironically, this crisis may prove costly even for the fossil-rich United States: gasoline above four dollars, approval ratings in the low thirties, and a midterm election on 3 November not only threaten the Republican majority in Congress, but have also strengthened the global case for renewables – overwhelmingly produced in China – as a means of strengthening energy security.

Demand for energy is rising as never before, yet the bottleneck has shifted from generating it to delivering it: three times the renewable electricity capacity needed for 2030 waits in European interconnection queues. Should the investment cycle behind data centres and artificial intelligence deflate, gas plants built on its forecasts will be stranded as surely as any coal mine; and El Niño may accomplish, through damage, what diplomacy has not, an outcome no one should wish to test. For Europe, the lesson is not that it should slow the transition, but that it must recast it around resilience, infrastructure and strategic autonomy. Grids, storage and domestic clean technology manufacturing have become as much instruments of economic and national security as of climate policy.

Europe should respond not by retreating but by adjusting its posture. It cannot wait for the former transatlantic alliance to return: more than twenty years of American engagement and withdrawal have settled into a political cycle that will keep defining U.S. foreign policy, all the more so in a world of ascending China. Nor can it deregulate its way to a solution by blunting the very instruments on which its climate ambition rests. An *El Niño* currently gathering strength may soon vindicate adherence to its decarbonisation targets; yet the case reaches beyond climate ambition: clean technology deployment, and the reforms needed to accelerate it, are justified by energy security, by freedom from fossil imports, and by the imperative of not replacing one dangerous dependency with another. Europe should therefore hold its course, supplying the transformative signal its industries require, recasting decarbonisation as a matter of geostrategic necessity, and attending more closely to the social costs of the transition.

None of this will be easy. But in a world where the great powers have chosen contest over coordination, the transition Europe is now tempted to slow down is the one ally it can count on – the ability to draw strength from what it can build at home: clean energy, resilient supply chains, and the capacity to innovate. ■



Michael A. Mehling
Deputy Director
Center for Energy and Environmental
Policy Research (CEEPR), Massachusetts
Institute of Technology
Cambridge, Massachusetts, United States

NATHALIE MORENO

AI regulation: The EU–US sovereignty contest

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AI regulation has emerged as a key legal instrument through which the European Union and the United States pursue competing objectives of technological sovereignty and technological leadership. In the EU, the AI Act now sits alongside broader regulatory measures addressing dependence on third-country providers, compute, cloud infrastructure and semiconductors. Conversely, US AI policy extends to export controls, procurement and national-security measures to project regulatory influence with far-reaching cross-border effects. This friction establishes an intense EU–US sovereignty contest, which we examine first through the lens of competing jurisdictional claims over AI deployment, and then, by analysing the emergence of EU sovereignty frameworks designed to counter US technological dominance.

1. Competing claims of jurisdiction over AI development and deployment

We consider the extraterritorial application of EU and US AI laws as well as their competing regulatory objectives.

A. Impact of the extraterritorial application of EU and US AI laws

The EU AI Act's extraterritorial application extends to third-country providers, deployers, importers, and distributors when placing AI systems or general-purpose models on the EU market, putting them into service, or where the output produced is intended for use within the EU. US export-control and national-security rules may concurrently affect access to AI models, compute or controlled technology. Therefore, whilst EU law may govern market placement or use, US law governs supply.

B. Clash between EU fundamental-rights-led regulation and US innovation-led AI governance

The EU AI Act aims to combine harmonisation and innovation with safety and protection of fundamental rights under the European Charter of Fundamental Rights. On 21 August 2026, the Dutch Data Protection Authority announced fines amounting to €824.99 million against Uber B.V. and Uber Technologies Inc. for solely automated decisions temporarily or permanently deactivating drivers' platform accounts, in breach of Article 22 of the GDPR. US federal policy differs. Executive Order 14179 of 23 January 2025 directs review and removal of measures impeding US AI leadership and the White House legislative recommendations of 20 March 2026 call on Congress to remove unnecessary barriers and pre-empt burdensome State AI laws. On 24 April 2026, the Department of Justice moved to intervene in xAI's challenge to Colorado's algorithmic-discrimination law, a dispute that prompted Colorado to rewrite its regime away from the EU AI Act ex-ante rights model.

2. The emergence of EU AI sovereignty regulation in the face of US technological leadership

We now consider the EU regulatory response to non-European AI dependence and its limits while critical capability remains subject to US law.

A. EU technological sovereignty as a response to dependence on US AI capability

On 3 June 2026, the European Commission presented the European Technological Sovereignty Package, including proposals for the Cloud and Data Act (CADA) and Chips Act 2.0. CADA is significant because its explanatory memorandum states that the AI Act "does not cover aspects of sovereignty". Its proposed four-level cloud sovereignty framework would permit certain third-country-controlled providers to be audited against level 3 only where the Commission recognises the relevant country by implementing act against criteria relating to governmental access under Article 32 of the Data Act, service continuity, access to advanced technology and procurement reciprocity. They directly apply to US providers subject to US law. Together with Chips Act 2.0, the package shifts EU policy away from regulating AI systems towards reducing dependencies in the infrastructure they rely on.

B. The limits of EU AI sovereignty under US legal control of critical AI capability

However, US technological dominance is sustained by expansive federal statutory powers and unprecedented capital market concentration. Executive Order 14320 of 23 July 2025 established the American AI Exports Program to promote full-stack US-origin packages and worldwide adoption of US technologies. On 12 June 2026, Anthropic stated that a US export-control directive required it to deny foreign nationals access to Claude Fable 5 and Claude Mythos 5, forcing global suspension until the controls were lifted on 30 June 2026. As such, whilst EU law can govern AI deployment in Europe, US public law can alter the availability of the underlying AI capability.

Conclusion

The transatlantic contest combines jurisdictional overlap with asymmetric control over the infrastructure and capability on which AI deployment depends. Whether the EU's emerging technological-sovereignty framework can secure meaningful European AI sovereignty while dependence on AI capability remains subject to US law remains the central question. ■



Dr. Nathalie Moreno

Partner
Kennedys
United Kingdom

nathalie.moreno@kennedyslaw.com

JOHAN LINÅKER

Europe's digital reliance on US Big Tech

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Roads, power grids, and fibre-optic cables count as critical infrastructure, but they're easily mistaken as purely physical – in reality, they increasingly depend on digital building elements to function. The physical and digital parts are, however, maintained very differently: a cracked bridge can be inspected and fixed on-site by local contractors, while the digital systems underpinning it are commonly designed and run by a handful of outsourced vendors, with little transparency for customers.

For a long time, this has not been an issue. We have put our trust in those commonly referred to as Big Tech, believing their scale and standing would ensure stability and competitive pricing. The cloud, where most of our software runs and data passes through, is one example: a US Big Tech triad manages 70+ percent of digital Europe, with the Baltic and Nordic states no exception, and only 15 percent is cared for by European industry.

However, this concentration of eggs into one basket carries risks. Several cases show that Big Tech is not immune to accelerating, now AI-empowered cyberattacks. Licensing costs are also reported to be accelerating, with little to say from public buyers because of systemic, long-running lock-in effects. Still, trust remained until European-US relations were recently put to the test.

US vendors and platforms are now drawn into a transatlantic standoff, as threats of kill switches, digital sanctions, trade tariffs and export controls are wielded from across the Atlantic. US surveillance legislation (e.g., CLOUD Act and FISA 702), which enables extraterritorial US government access to data stored or managed by US Information and Communication Technology (ICT) companies, is now seen as a realistic threat to European data sovereignty.

This shift caught Europe off guard, with limited means to respond. Decades of Big Tech-centric public spending have resulted in a continental capability gap, again epitomised by the cloud market. European industry, accordingly, needs to level up its R&D and capacity, from semiconductors, cloud and AI to strategic verticals like automotive, energy and health. However, more investment and VC alone will not fix this.

If European governments are truly concerned about the “necessity to build a new form of European independence” (as put by von der Leyen in Davos), public buyers need to start prioritising European alternatives, and value sovereignty-based evaluation criteria on par with price.

On a positive note, the recently released EU Tech sovereignty package, including the proposed Cloud and AI Development Act, takes a step in this direction, calling for mandatory risk assessments in public acquisition and procurement of cloud and AI-based services.

Tools such as the Cloud Sovereignty Framework guide how to do it in practice. Criteria signal preference to options where legal headquarters and data operations sit inside EU jurisdiction. Transparency over the supply chain and subcontractors, citizenship of operating personnel, and ease of migrating data and technology are other factors emphasised.

Open source software is called out specifically as a strategic tool to gaining transparency and control, while promoting interoperability and increased competition. The “open” signals that the technology is free to study, modify, share and reuse, enabling transparency and control over the technology. The open and collaborative approach extends to other areas, such as AI and hardware, as also highlighted in the EU sovereign Tech package.

While policy frameworks set a clear direction and intent, these still need to be translated into practice, which is where things become difficult. Public buyers are as entrenched in their mindsets as they are in their technological dependencies – a risk-averse, conservative procurement culture where comfort and preference for the status quo inhibit change.

Fortunately, there are forerunners such as Estonia that prove the opposite. The country has in public-private partnership developed a data embassy model where government servers are operated in Luxembourg, keeping critical state data under Estonian jurisdiction even when physically hosted abroad. At the same time, X-Road, its open source data exchange layer now adopted by over 20 countries, provides transparency and interoperability of a key layer in the country's digital public infrastructure.

Europe must take note, and start growing common institutional capabilities that enable governments and public buyers to evolve their policy, culture and practice. Strategic mindset, procurement reform and open collaboration are not separate agendas – they are the complementary levers by which strategic autonomy actually gets built.

Whether the EU27 can move from fragmentation to genuine sovereignty – not just resilience on paper, but the ability to make its own choices about its own infrastructure – will depend less on the ambition of these frameworks than on the willingness of public buyers to use them. ■

**Johan Linåker**

Senior Researcher
RISE Research Institutes of Sweden
Sweden

Adjunct Assistant Professor
Lund University
Sweden

johan.linaker@ri.se



LAURA NORDSTRÖM

Big Tech EU lobbying: Structural power under Trump

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Four American space firms, including Elon Musk's SpaceX, skipped the French President Emmanuel Macron's space summit in Paris in September. According to Politico, this was done under the pressure of the US President Donald Trump's administration. They had pressured the US firms to boycott the summit. Simultaneously, Trump's administration has lobbied against the European Commission's proposed EU Space Act, which would be a new way to govern EU space activities.

This is not an isolated event, but part of a general trend of Trump's administration active pressure to impact EU legislation in cooperation with American firms. Transatlantic cooperation has increasingly turned into pressure. Also, in the field of tech policy, Trump has aimed at the key legislation of the first Ursula von der Leyen Commission, the Digital Services Act (DSA) and the Digital Markets Act (DMA). Both regulate the core business of US Big Tech: the DSA regulates the online content of platforms and the DMA the abuse of market power of large tech companies. They are now being implemented as the Commission investigates infringements by gatekeepers and proposes remedies, while Trump considers the rules as unfair and has pressured the EU to abandon them, together with other US lawmakers. Indeed, the US Big Tech giants have entered a new era of EU lobbying with the second Trump presidency: they now exploit European dependencies on their private digital infrastructure with their ally in the White House.

Big Tech has become the biggest lobbying spender in Brussels. The Big Five, or GAFAM, Google (Alphabet), Apple, Meta, Amazon and Microsoft, have more than tripled their combined lobbying resources to €23 million between 2013 and 2021, according to Corporate European Observatory and LobbyControl. This is due to increased path-breaking European platform regulation and its possible global impact that Anu Bradford has conceptualised as the "Brussels Effect". In short, our research shows that Big Tech has become a very prominent EU lobbying actor both in Brussels and in member states such as Germany, France, Ireland and Luxembourg.

The 1990s and early 2000s were still a time of deregulation for the tech field in the EU. There was a belief that platforms would be beneficial for democracy and the reasoning on these issues, as on others, was based on economic thinking. There was no need for Big Tech to lobby widely.

However, from the 2000s to the 2010s Big Tech started to build their Brussels lobbying presence slowly by especially using their platform power, an asset that the other lobbyists do not possess. Indeed, it was a time of Big Tech's use of their digital power resources that have been defined by Michael Kemmerling and Christine Trampusch as means and capacities, rooted in data and digital technologies and infrastructures, which enable actors who control them to reward and punish other actors. In EU lobbying, it meant targeting policymaking through the platforms' algorithms and creating and exploiting policymakers' dependencies on digital platforms that had become the space for political discussion in Europe.

Nevertheless, the political tide started to change as platforms and Big Tech in general became the target of criticism especially after scandals like Cambridge Analytica. The EU began to regulate the digital field through the 2016 General Data Protection Regulation (GDPR), the 2019 Copyright Directive and later through the von der Leyen Commission's tech regulation such as the DSA and the DMA. Thus, in the 2010s and 2020s, Big Tech had to use all possible lobbying techniques: they invested in institutionalising their presence through traditional lobbying activities, such as meetings, networking, events and campaigns, but also in appearing "European", as one problem for them was not having the leverage of being European. They participated and funded intermediaries such as business associations but also funded entities that appear as NGOs through astroturfing, an American style of lobbying. They recruited high-ranking officials through revolving doors and invested a lot in research to form the agenda. This pursuit of epistemic dominance and astroturfing, besides the lobbying through platforms, are specific traits of Big Tech EU lobbying.

These efforts had mixed results. The EU still adopted the DMA and DSA that aimed directly at Big Tech's platform dominance. However, for example, the DSA followed many basic choices of the 2000 Electronic Commerce Directive, such as limiting the liability of the platform for third-party content, something Big Tech advocated for.

The second Trump administration sparked a new era of structural power for US Big Tech. They continue the more conventional lobbying techniques in Brussels but rely once again more on their digital power resources in alliance with the Trump administration. Until now, the EU has stood firm on the DSA and the DMA, but time will show how firmly in the time of deregulation and the weaponisation of the control of digital infrastructures that now occurs in a broader context of Trump's foreign policy. ■

**Laura Nordström**

Postdoctoral Researcher
University of Helsinki
Finland

laura.nordstrom@helsinki.fi

MILA SEPPÄLÄ

Youth movements in the era of polycrisis

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Youth activists on both sides of the Atlantic are responding to a shared sense of perpetual crisis. The formative years of Millennials (born between 1981-1996) and Generation Z (born between 1997-2012) have been characterized by economic crashes, climate catastrophes, a global pandemic, and geopolitical conflicts escalating into forever wars while new information technologies have permanently changed all aspects of modern life.

As age cohorts, Millennials and Generation Z are more educated and more demographically diverse than the previous generations. At the same time, their lives are often defined by precarity: costly higher education degrees without corresponding employment opportunities and temporary service jobs without work protections or financial security.

The global and intertwined nature of these crises and conditions, a phenomenon sometimes called as polycrisis, has made politics existential and old institutions seem incapable of fixing problems. Studies show that the youngest cohorts are less satisfied with democracy than any generation before them.

Distrust of political institutions can lead to apathy. However, significant amounts of young people have turned towards non-traditional politics and activism. Social media in particular has changed youth political participation. Youth politics on social media are inescapably global and intensely personal. Influence and information spreads in informal and decentralized networks on social media through viral content instead of official organizations with hierarchies. Engagement with activism and politics is far easier, which has enabled fast, largescale mobilization for different issues across the world.

Both issues and tactics travel to the most local-level politics. For example, while Palestinian advocacy has a long history on both sides of the Atlantic, the emergence of campus encampments showed how U.S. protest culture and styles influence action in Europe. Particularly during the spring of 2024, Gaza solidarity encampments were established in campuses across the U.S. The encampments were set up in response to the current Israeli military offensive in Gaza that started in the aftermath of the October 7th Hamas attacks in 2023. Students and some staff members occupied university grounds to call on universities to divest from their close financial ties with Israel and to bring an end to what protesters and several international organizations called genocide in Gaza.

The Gaza solidarity encampments quickly sparked similar action in European universities in places like the UK, the Netherlands, France, Sweden, and Finland. The encampment tactic used by the activists was not new or unique, but the speed and scale of which they were employed across the ocean was a testament to how networked and global activism is in the era of social media.

The diffusion of ideas and action works in both directions. Fridays for Future school walkouts started by Greta Thunberg in 2018 in Sweden sparked youth mass mobilization for climate action all over the world. Thunberg had been inspired by the *March For Our Lives* school walkouts organized earlier that year by students in the U.S., who had protested gun violence in the wake of a devastating school shooting in Parkland, Florida.

Today, Thunberg is most actively involved in the Pro-Palestine movement. The connections between movements for climate justice, gun violence prevention, and an end to the war in Gaza show how youth activism is also diffusing from issue to issue, sparking waves of protest across the U.S. and Europe. Instead of young people organizing for different causes, issues like climate change, gun violence, and war are seen to be fundamentally about the same structural problems.

That is not to say that the youngest generations, or the movements they lead, are monolithic. Distrust of political institutions has also mobilized young people for rightwing populism. The gender divide is significant among Generation Z, and particularly young men have found common cause with movements that hold nationalistic, antifeminist, and anti-immigrant views. Their political participation is often visible in online spaces and the scale and goals of their activism opaque.

Across the ideological spectrum, youth activists in Europe and United States are influenced by each other. Such direct-action strategies like encampments, sit-ins, and teach-ins were made popular by the civil rights movement in the U.S. in the 1950s and 1960s. Youth movements in Europe have found ways to repurpose that long history in their own contexts when seeking liberation for traditionally marginalized groups. Conversely, youth activists in the U.S. have been able to borrow language from European youth movements on how to demand more from their government—how to frame issues such as education, housing, and healthcare as basic human rights. ■

**Mila Seppälä**

Postdoctoral Fellow

John Morton Center for North American Studies, University of Turku
Finland

mitase@utu.fi

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