

Chapter 10

Europe and Great Power Competition

Evolving Dynamics in the Shadow of the Russo-Ukraine War

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This chapter explores the evolving nature of Europe's relationships with the three modern Great Powers: the United States, China, and Russia. It identifies and analyzes European perspectives about the goals pursued in Europe by the Great Powers and the degree of influence the Great Powers have on European strategic aims and policy preferences. It chronicles the significant geopolitical changes across Europe through the first half of the 2020s and forecasts the likely trajectory of European interactions with the Great Powers over the next half of the decade. The chapter concludes that Europe at mid-decade feels a greater degree of affinity with the United States than with either of America's Great Power rivals. Much of this is historical, but a great deal is new. Europeans prefer to sustain a robust security relationship with the United States on a new footing—one where its nations fund, man, and equip continental militaries in a more robust manner and as a complement to America rather than a free rider on U.S. capabilities. Europeans desire responsible and reciprocal trade and financial transactions with the United States, not trusting that this will be feasible in the future with China. Europeans also believe in the power and potential of a Euro-American partnership anchored on common political and social values—one they know is not possible with either Russia or China. Each of these European preferences are an important counterpoint to the challenges faced by the transatlantic relationship during the early months of 2025. Absent some truly alienating policy choices from Washington, European preferences for a reinigorated transatlantic partnership seem the most likely outcome by the end of the decade.

Introduction

To understand and predict the future of Great Power relations in Europe, one must appreciate the evolution of power politics there over the past 30 years. The collapse of the Soviet Union fundamentally altered the nature of competition in Europe and the world. China

was not yet a peer competitor in Asia, much less in Europe. Russia was no longer a peer and *seemed* to hold conciliatory aspirations toward the West. Washington stood as the preeminent power both in Europe and globally. Furthermore, European integration seemed on an inexorable path forward, eliminating the need or opportunity for war on the continent that had for nearly two centuries spawned every single global war. It seemed to be “the end of history.”¹ Signs that this was untrue emerged quickly, but the West was slow to awaken to these new realities. Shock therapy—the rapid privatization of swaths of the Russian economy in the 1990s after the fall of the Soviet Union—failed to create a truly vibrant market economy in Russia because well-positioned oligarchs and kleptocrats exploited market liberalization for their personal advantage.² Concurrently, Russian civil society, while truly vibrant for a time, failed to check either Boris Yeltsin or his anointed successor Vladimir Putin. By 2008, it was clear that Putin was less than interested in integration with the West on Western terms.³ By 2014, he regularly spoke of the West as a systemic rival and invaded Crimea and the Donbas that year to prevent Ukraine’s further integration with the West.⁴ While the United States adjusted only slowly to these new realities, Europe—especially Western Europe—was slower still. If one is to judge Europe by its economic practices alone, the continent was clearly unwilling to confront the scale of the Russian threat until February 2022, when Vladimir Putin ordered the invasion of Ukraine. The fact that as of early 2025, Europeans continue to consume Russian gas in massive quantities—up to 16.5 million metric tons of liquefied natural gas in 2024—proves how much further the continent must go to safeguard itself from coercion by its number one strategic threat.⁵

As with Russia, China was not seen as a threat to Europe until recently. In the 1990s, the hope for China, epitomized in the 2001 agreement that admitted China to the World Trade Organization (WTO), was that economic liberalization would engender political liberalization in China. This hope did not bear out. Instead, China’s increasing wealth only empowered the Chinese Communist Party (CCP). State-driven economic development blurred the lines between private growth and state growth, and so China’s elites depended on the state and its intrusion into the private sphere for their economic success.⁶ For many, President Xi Jinping’s ascent to head of the CCP in 2012 signaled the final death knell for liberal aspirations. Over the past decade of his rule, Xi has solidified his personal grip on power, intensified political thought training, increased the role of state-owned enterprises in the economy and cracked down on the private sector, and shed “hide and bide” for “wolf warrior” diplomacy.⁷ Again the West, including Europe, was slow to realize these changes. Two years after the United States first identified China as a systemic rival in its late 2017 National Security Strategy, the European Union (EU) finally identified China as a strategic competitor, partner, and systemic rival in 2019.⁸ It then took until 2023 for the EU to announce publicly that it would “de-risk” from especially sensitive economic supply chains with China. The EU did not take serious economic actions against Chinese economic and security threats until 2024, when the European Commission placed 35-percent tariffs on Chinese electric vehicle (EV) imports and began to sanction some Chinese firms for their role in Russia’s war of aggression.⁹

Throughout the post–Cold War period, the United States treated Europe as a secondary theater of importance. The continent enjoyed a holiday from its violent and turbulent history, which enabled the United States to divert its attention globally without losing sub-

stantial influence there. By some measures, Europe's security dependence on the United States, which emerged from its own flagging defense spending, increased American influence in Europe. In other ways, however, the lack of American attention to Europe allowed the relationship to atrophy. During the 1990s, 2000s, and then much of the early 2010s, the United States spent significant energy—time, resources, manpower, and political capital—in the Middle East. America gradually turned focus toward East Asia after then-President Barack Obama announced an American pivot to Asia in November 2011 that only began to be realized a decade later.¹⁰ As a result, the United States allowed its relationship with Europe to stagnate, while Russia regained its strength and China developed novel influence in the region. Europe was undeniably complacent in the process of transatlantic atrophy: content to allow the United States to fight its wars in the Middle East while it grew wealthy from trade and investments with Russia and China. Although European governments supported U.S. efforts in the Middle East—restructuring their forces for counterinsurgency and spending substantial resources in portions of the Middle East and North Africa, especially in Afghanistan and Libya—their defense budgets shrank considerably, their publics grew increasingly critical of the United States and its foreign adventures, and they lost sight of the core function of the North Atlantic Treaty Organization (NATO), to the point where some scholars called into question the continued utility of the Alliance.¹¹ Following the 2008 global financial crisis, Europe became consumed with internal fighting over its own debt management crisis, Brexit, the surge in the far right, the refugee crisis, and finally COVID-19. Not until Russia's 2022 invasion of Ukraine did the United States meaningfully return its strategic attention to Europe and Europe begin to take cohesive steps toward holistic reform for the first time in two decades. Although progress across Europe is visible at mid-decade, there remains much work to be done. Reforms are unfinished, the transatlantic relationship is fraying, and threats abound. Into this mid-decade churn across Europe, the second Trump administration has dramatically accelerated the pace of change and thrown the whole transatlantic relationship into question. The next half-decade will be crucial in determining whether the United States remains dominant in Europe—and by extension, the globe—or not.

The early 2020s featured the COVID-19 pandemic, Russia's large-scale 2022 invasion of Ukraine, and China's obvious economic and political support for Moscow, all of which significantly weakened the standing of both China and Russia across Europe. Over the same period, the United States strengthened its hand across the continent by paying attention to European needs and providing vital coordination and cohesion in the face of the Russian security menace and Chinese economic predation. The first months of the second Trump administration again cast doubt on American staying power in Europe. But the uncertainties of early 2025 arguably misunderstand the fundamental drivers of European strategic preferences. Europe's desire for security, stability, and prosperity continues to favor the United States over Russia or China. Time will tell if America's advantage in Europe will remain or if Russian and Chinese fortunes there will improve.

This chapter forecasts the near-term future of Europe in this era of Great Power competition (GPC). To do so, it provides a comparative analysis of the strategies, activities, and power assets of the Great Powers in Europe at mid-decade. It details Europe's understanding of American strategic goals and forms of influence activities there, and then contrasts

these with those of Russia and China. The chapter outlines the agency held by Europeans in pursuit of their own strategic objectives—military, economic, and diplomatic. It analyzes how specific European countries and the EU as a whole view Great Power dynamics on the continent at mid-decade and how they are likely to view these dynamics for the remainder of the 2020s. It then offers some tentative conclusions and cautious forecasts about the future of GPC across Europe and concludes with a note of humility and a caveat about the obvious uncertainty shrouding the chapter's forecasts.

America in Europe: Goals and Influence, 2025–2030

At mid-decade, Europeans understand that the principal aim of the United States in Europe remains—as it has been since 1945—to ensure that it remains strong, independent (from the other Great Powers), and stable. Irrespective of Presidential administration, Washington desires this kind of Europe to provide economic opportunities for the United States there. It also desires this kind of Europe to underpin an open and democratic network of allies and partners that support the projection of American power (hard and soft) throughout the world and in competition with its evolving Great Power rivals. Eighty years after the crucible of World War II, a plurality of American political leaders agree with the calculation that it is cheaper to prevent another war in Europe than it is to win one there. In practice, this aim generates two separate practical objectives over the next several years. First, the United States will aim to bring the war in Ukraine to a close. Although the second Trump administration entered office seemingly intent on rejecting the logic of defeating Russia in Ukraine, there persist fundamental, intractable issues in the Russo-American relationship on which Putin is unlikely to meaningfully compromise.¹² In this view, once frustrated, President Trump will ultimately return to a more confrontational Russia policy. In July 2025, there were signs that this change might be unfolding, including Trump's insistence at a press conference with British Prime Minister Sir Keir Starmer that he was "disappointed" in Putin and would pursue strong secondary sanctions if Putin did not begin to work meaningfully toward a ceasefire.¹³ Second, the United States will work to reduce its own military burden in Europe by promoting European states to secure their own peace and expand their defense expenditures and industries, thereby minimizing threats to European security. At the June 2025 NATO summit in The Hague, the Trump administration secured promises from virtually every country in the Alliance to increase defense spending to 5 percent of gross domestic product (GDP); this is a major step toward securing Europe and rebalancing the transatlantic relationship, though by no means the last step.¹⁴ Europeans also believe an ancillary goal for the United States in Europe is to promote the projection of European power and influence into the Indo-Pacific (backing the United States there).¹⁵

America's greatest strengths in pursuing these goals are its economic, military, and historical ties—and its ideological resonance—with Europe. The United States remains a major financier of European economic growth, a primary destination for European goods, and a key supplier of advanced technologies. The U.S. Navy ensures freedom of navigation on the high seas, on which Europe's trade-driven economy depends, and American security guarantees are the bedrock of the peace dividend that has enriched Europe over the last three decades. More fundamentally, the U.S. military deters aggressors in Europe and has ensured stability and security for the past 80 years. America's extended nuclear deterrent

has prevented major European proliferation, with all its ensuing costs and risks. Of the three Great Powers, only the United States approached mid-decade as a vigorous defender of the *liberal* international order that so thoroughly benefited Europe and aligned with its values over the past eight decades.

From Europe's perspective, the United States should appreciate this legacy and not denigrate or abandon globally successful cooperative liberal ventures such as the United Nations Human Rights Council, the World Health Organization, or the World Trade Organization. Instead, Washington would do better to highlight efforts to reform and improve these intergovernmental agencies in a manner that shares valuable common ground with Europe.¹⁶ The salience of these normative and regulatory issues for Europe was demonstrated in 2024 when Members of the European Parliament voted to denounce Beijing for its provocations against Taiwan and the ongoing genocide in its Xinjiang province.¹⁷

From this European perspective, America's greatest limitation is its own missteps. Washington has not always successfully communicated its objectives persuasively to Europe and can, occasionally, arrogantly dictate its demands to Europe and expect Europeans to simply fall in line. Past transatlantic discord from such fractured, often one-sided communications includes the Second Gulf War, the Vietnam War, the Suez Crisis, the Skybolt cancellation, Ostpolitik, and others. Still, prior to 2025, the positive trajectory in transatlantic relations seemed reasonably durable and perhaps at risk only if the Biden administration failed to convey its reasons, intentions, and aspirations for America's ongoing pivot toward Asia while Europe stood against Russian threats.¹⁸

From early 2025, the potential for American missteps causing lasting damage to transatlantic solidarity grew. The incoming Trump administration instigated a trade war with the EU; dressed down Europeans for their vision of liberalism; publicly challenged a widely popular president of Ukraine, Volodymyr Zelensky, in the Oval Office; and voted with Russia, Hungary, and North Korea against a European resolution condemning Russian actions in the war in Ukraine.¹⁹ The Trump team also risked a wider schism with Europe by hinting that it might forcibly take possession of Greenland over the objections of Denmark, internationally recognized as the country with sovereign rights over Greenland as an autonomous territory. There was fear in early 2025 (some of which lingers) that the Trump administration might genuinely withdraw from NATO, which would leave Europe with significant gaps in its military capabilities: most obviously nuclear, but also heavy air and sea lift; intelligence, surveillance, and reconnaissance; missile defense; aircraft; and long-range precision fires, among others.²⁰ At the same time, the second Trump administration sensibly argued that Europeans must do more to provide for their own security and defense. This message—advanced by Presidents of both U.S. political parties for nearly two decades before 2025—began to produce meaningful results. During the NATO summit in The Hague in June 2025, all European states, except Spain, agreed to increase defense spending to 5 percent of GDP: 3.5 percent on hard defense and 1.5 percent on a broader category of national preparedness.²¹ The spirit of collective defense against Russian aggression had never been higher. On the other hand, some European countries began contemplating acquisition of future military capabilities that could generate greater instability on the continent and even become a threat to the United States—in particular, nuclear weapons. Unthinkable only a few short years ago, both Germany and Poland began openly discussing

development of their own nuclear weapons programs as rumors of American abandonment of European security arrangements swirled in the early months of the second Trump administration.²² Aligned with the Biden administration from 2023–24 in “de-risking” critical supply chains from China and countering Chinese subsidies that enabled dumping of solar panels, batteries, and EVs across Europe, the EU in 2025 reluctantly began entertaining Chinese overtures to reduce European barriers to its trade there. The second Trump administration’s mercurial trade and tariff policies encouraged this EU move toward economic hedging, but the Europeans remained hopeful that America’s trade policies would stabilize, with greater transatlantic cooperation possible into the future.²³

Europe at mid-decade continues to feel a greater degree of affinity with the United States than with either of America’s Great Power rivals.²⁴ Much of this is historical, but a great deal is new. Europeans prefer to sustain a robust security relationship with the United States on a new footing—one where its nations fund, man, and equip continental militaries in a more robust manner and as a complement to America rather than as a free rider on U.S. capabilities. Europeans prefer resolving trade disputes with the United States over resolving disputes with China, where those efforts conflict. Europeans also believe in the power and potential of a Euro-American partnership anchored on common political and social values—one they know is not possible with either Russia or China. Each of these European preferences are an important counterpoint to the challenges faced by the transatlantic relationship during the early months of 2025. Europeans desire lasting security and diplomatic, economic, and cultural partnership with the United States, and they understand that this can be feasible only if Europe moves beyond business as usual where Europe is perceived as free riding off the United States. These natural affinities may weather the storm clouds of early 2025 and produce a renewed and durable transatlantic partnership by 2030 if Europe makes its intentions clear. Moreover, the second Trump administration must recognize that a Europe that is best for America is a Europe that is America’s ally, for—unique among any other cluster of countries in the world—Europe brings its own complementary value to the table.

Russia in Europe: Goals and Influence, 2025–2030

At mid-decade, Europeans understand Russia’s principal strategic aim in Europe is to keep Europe destabilized, weak, and preferably severed from its transatlantic alliance. Moscow believes this kind of Europe will affirm its rightful, dominant position of power in Europe and preserve its international strategic autonomy to expand its influence and advance its interests. Vladimir Putin has repeatedly called the collapse of the Soviet Union the greatest geopolitical tragedy of the 20th century. He seeks a return to either Soviet or imperial influence, and potentially borders, in Eastern Europe—Russia’s “near abroad.” He wishes to fundamentally reorder the security architecture of Europe so that it favors Russia, forming a Great Power condominium in Europe with Washington. In practice, Europeans understand that Putin’s preferences mean that Moscow can be expected to fuel low-boil conflicts in Moldova while working to undermine the pro-European Party of Action and Solidarity there, and in Georgia by working with the friendly Georgia Dream government. Putin is certain to undertake similar actions in Eastern Europe and other regions to disrupt the West. Russia will seek an end to the war in Ukraine *on its terms* as rapidly as possible.

Despite Russia's advantage in size over Ukraine and potential to withstand a war of attrition over time, continuation of the war there significantly constrains Russia's freedom of movement in Europe and elsewhere around the world. A grinding war of attrition in Ukraine also increases Russian dependence on China and other partners of which Russia is very suspicious.²⁵

Although the battlefield situation of early 2025 continues to favor Russia over Ukraine, the war has devastated a generation in Russia. Publicly, Putin's aims in Ukraine seem to remain maximalist, unwilling to accept anything less than Western acknowledgment of Russian territorial gains and guarantees that what remains of Ukraine can never fully assimilate into Western Europe institutions like the EU or NATO. But if the Russian summer 2025 offensive in Ukraine again fails to subdue Ukrainian resistance—and if this push expends most of Russia's remaining finite stockpile of legacy armaments and military systems, and Russia's manpower problems persist and expand, as expected—Putin may have no choice but to seek at least a temporary end to the conflict. By then, a pliant American administration may enable Putin to achieve most of his aims at the negotiating table.

Whatever the outcome of the war in Ukraine, Europeans expect that Russia will likely expand its campaign to fragment and weaken European cohesion. They expect Russia to engage in a broadening menu of election interference, sabotage, and targeted assassinations to keep Europe destabilized and weak, and to promote fractious politics and anti-Western candidates where possible. In 2024 alone, Europeans witnessed Russian expansion of these tactics in Georgia, Moldova, and the United States.²⁶ Europeans also experienced the foiled plot to blow up the plane of German military-industrialist Armin Papperger for his role in arming Ukraine.²⁷ These disruptions seem likely to continue to fall short of a shooting war with NATO, as Putin recognizes the inherent dangers of directly attacking the Western Alliance. Even though Putin has repeatedly alleged that Russia and the West already are at war, he fully understands the innate difference between the existential risks to Russia from a direct war with NATO military forces and the much lower risks from fighting Western-armed Ukrainians. Yet many in Europe remain worried that if an opportunity were to present itself, Putin might choose to test NATO cohesion and American resolve with a deliberate if cautious military move against the Baltics or elsewhere in Eastern Europe by the end of the decade.²⁸

Russia's tools to achieve its ends are far less robust than its objectives. In early 2025, Russia still possessed the strongest military in Europe, but the war in Ukraine had taken a serious toll on its size and capabilities. China and North Korea, and to a lesser degree Iran, helped Moscow survive serious military armament shortfalls and assisted in reconstructing some of the military capability Russia squandered in Ukraine. Notably, North Korea (the DPRK) helped stabilize Russia's flagging military fortunes in Ukraine beginning in 2023 with massive supplies of artillery shells and other lethal aid, and then with the supply of DPRK troops to the Russian front lines.²⁹ In 2024, North Korea sent roughly 11,000 troops to the front to fight with Russia, and South Korean officials reported that the DPRK sent at least an 3,000 additional troops in 2025.³⁰ Even more consequentially, from 2023 to 2025, North Korea sent more than 20,000 shipping containers of weapons, including more than 2 million rounds of artillery, outdated ballistic missiles, long-range howitzers, and multiple-launch rocket systems. Russia's slow recapture of the Kursk region in 2024 and 2025

as well as its creeping but steady gains in the Donbas and the summer 2025 offensive all highlight the degree to which Russia remains prepared to fight a protracted conflict, as well as able to adapt and reconstitute military forces. Russia has also relied on nuclear threats throughout the conflict, raising the stakes for European support of Ukraine and highlighting the enduring coercive potential that Russia has in European politics.³¹ Regardless of whether European leaders believe these threats or simply used them on occasion to excuse less than fulsome military support for Ukraine, Russian nuclear threats remain a powerful tool of coercion in Europe. Russian subterfuge, election interference, low-level cyber attacks, industrial sabotage, attacks on critical infrastructure like undersea cables, and assassination are similarly blunt, but effective, tools for coercing Europe. This is especially true in the NATO and EU formats, which operate by consensus and are therefore susceptible to spoiling by individual states.

Despite Russia's size, the degree to which its military might can coerce Europe is limited. The war in Ukraine has demonstrated that Europe may become more united, not less so, in the face of military force. Russia's war has perversely threatened its own military dominance in Europe: Ukraine's military has emerged as a major force, and Europe—especially Germany—has dramatically expanded defense spending in ways unseen in 30 years. Additionally, the war has exposed numerous significant gaps in the Russian military apparatus—principally, growing recruitment challenges and supply challenges, as well as a reliance on systems provided by Iran and North Korea and on China's economic support.³² As Russia continues to trade away some of its most valuable assets—including material resources and more abstract assets like technical knowledge and diplomatic capital—it will grow more reliant on its friends, and therefore more susceptible to pressure from them. These problems will continue to plague Russia for the foreseeable future.

Beyond its military, Russia's economy has been surprisingly resilient to Western sanctions. This is, in large part, because some in the West have not closed loopholes that enable Russian evasion of sanctions; in addition, there was a relatively large war chest at Russia's disposal in early 2022, albeit one that continues to steadily decline. At about 15 percent, Russia's debt-to-GDP ratio is the lowest of the Group of 20 economies.³³ If the West were to close those loopholes (end the sale of old ships to Russia, restrict trade to central Asian states that are clearly reselling goods to Russia, finally stop consuming Russian energy, broadly target the financial entities facilitating sanctions evasion, and others), then Russia's economy would buckle significantly. The 2022 war in Ukraine dramatically reduced European energy dependence on Russia, which removed one of the largest levers of influence—persuasion and coercion—that Russia had over the continent.³⁴ Furthermore, the Russian economy is likely to deteriorate further, if slowly. Monetary policy and government subsidies are keeping the economy afloat, but Russia is running dangerously low on fiscal reserves, its oil industry faces virtual extinction, and its inability to deal in dollars will be a long-term thorn in reintegration into the Western economic system.³⁵ Moreover, Russia's incredibly high interest rate—sitting at 21 percent in early 2025—may help fund the war in the short term, but it is likely to inspire long-term inflation and depressed domestic consumption.³⁶ The bill for the war in Ukraine will eventually come due, so Russia is functionally mortgaging its future to stay above water for now. Worst of all, the war has already produced 1 million Russian casualties.³⁷ With its stagnating economy and inverse popula-

tion pyramid, Russia cannot afford to continue the waste of its youth on the war if it wants to have any hope of economic growth in the future.³⁸

The war with Ukraine has simultaneously diminished what remained of Russian soft power influence in much of Europe. Putin's only real friend in Europe is Hungary's Viktor Orbán, who is increasingly isolated within the European community. But even Orbán has made it clear that he believes Hungary belongs firmly in the West, not with Russia.³⁹ This preference reflects the broader politics of Hungary: although many Hungarians support decreased European tensions with Russia, the overwhelming majority (73 percent) view Russia unfavorably, and thus their desire stems from practicality and fear, not affinity for Russia.⁴⁰ Furthermore, the pro-Ukraine, pro-EU version of far-right populism currently espoused by Giorgia Meloni in Italy was demonstrated to be more electorally effective from 2023 to 2024 than the Euro-skeptic and pro-Russian strands.⁴¹ Italy's Meloni shocked many by remaining staunchly pro-Ukraine even without American support. For the remainder of the decade, Russia will face an enormous challenge to restore friendly relations with any European capital.

China in Europe: Goals and Influence, 2025–2030

Europeans understand China to have multiple competing objectives in the region. Europe remains a key venue for Chinese trade, infrastructure investments, and technology capture, but is not the primary theater of strategic focus for Beijing.⁴² China's primary strategic ambitions and focus reside closer to home in contested subregions of the Indo-Pacific.⁴³ Nonetheless, China wants to maintain Europe as a major trading partner, including as an importer of Chinese manufactured goods up and down the manufacturing chain and as an exporter to China of machinery and services. Like Russia, China also hopes to drive a wedge in the transatlantic alliance. Finally, Beijing will seek to defend and expand its investments, political influence, and economic advantage in Europe over the remainder of the decade.

In 2025, the EU is China's largest trading partner after the Association of Southeast Asian Nations.⁴⁴ China is the EU's second-largest trading partner for goods after the United States, with bilateral trade reaching €739 billion in 2023; its third-largest partner for exports; and its largest for imports.⁴⁵ Given the mid-decade overcapacity difficulties confronting a host of Chinese industries, Europe remains a vital market for Chinese goods.⁴⁶ As its manufacturing overcapacity will grow more acute over the next half-decade, Beijing will seek to retain market status in Europe. Yet China's reputation for "sharp elbows" economics with Europe is a drag on their trade and finance relationships. In 2025, the EU approved tariffs on Chinese EV imports to Europe of up to 35 percent (on top of existing 10-percent duties, for a total of 45 percent) and hinted that other investigations of and duties against China for its state subsidization of manufactured exports flooding European markets were likely to come. Sino-European trade tensions have risen at the same time Europe has grown increasingly frustrated with Chinese support for the Russian war effort. Despite these palpable difficulties, Europeans understand that China will prioritize an economic relationship with Europe over the next 5 years and hope that Europe does the same. Observers of Europe and China expect that if Beijing finds the EU's collective trade and commercial policies toward China obstruct Chinese access, then it will direct more energy toward peeling off individual

European states into bilateral economic arrangements—a strategy it has employed in many different arenas already—for the EU common market affords Chinese export access from one country into most of the others.⁴⁷

In late 2024, the EU appeared resolved to restrict Chinese market access and demand an end to predatory Chinese trade and commercial practices. In this, it had a common cause with the United States and was trying to find better common economic ground with the United States to overcome the remaining U.S.-EU trade disagreements. However, in early 2025, the Trump administration significantly complicated that calculation. Its chaotic and aggressive tariff policy threatened the heart of Europe's economy. Europe understood that it could ill afford trade wars with both of its largest trading partners. It scrambled to reach a trade deal with the United States but also began to contemplate hedging with China. By summer 2025, its disputes with China had exacerbated, while Europe reached a tentative trade agreement with the United States to set tariffs at 15 percent on about 70 percent of European exports to the United States. Although European states have reacted with varying degrees of tepid acceptance to outright disappointment, this agreement prevents a broader trade war and enables Europe to address China more directly.⁴⁸ Contrast the successful European-American agreement of late July 2025 with the EU-China summit earlier that month, which failed to produce meaningful outcomes for either side. That summit followed weeks of recrimination over export controls, European sanctions on Chinese banks, and increasingly harsh public denunciations.⁴⁹ Although China tried to present the summit as a chance to reach a grand bargain over American heads, Europe approached the summit with pessimism. In the end, China and the EU remained unable to resolve the serious issues Europeans perceive from predatory Chinese export subsidies and market-swamping. If their trade disputes are not resolved, as seems probable, Beijing's promised economic retaliation against Europe could make Sino-European trade and finance relationships even more fraught over the remainder of the decade and allow space for Europe and the Trump administration to finalize their economic agreement.

The situation in mid-2025 led Europeans to anticipate that China will seek to do even more to drive a wedge in the transatlantic relationship. Doing so increases the chances that Beijing can protect its economic interests in Europe and minimize the security risks that the United States and NATO pose to both China itself and Russia, its junior partner. Sadly, Europeans can anticipate that China will likely continue providing substantial support to Russia's war effort in Ukraine, as a strategic defeat for Russia in Ukraine would be a blow to China's interests and image.⁵⁰ Although the United States and Russia would like to see the war end quickly (on their own terms), continuing low-threshold war in Ukraine actually benefits China strategically by diverting American attention from the Indo-Pacific, sapping some American military resources, and by making Russia increasingly reliant on Beijing. China will likely continue to push for its Ukraine peace plan, both as a gesture of support to Russia and as a means of increasing its own prestige in the international system, but it is unlikely to meaningfully contribute to the end of the war. Peace negotiations in early 2025 illustrated China's aspirations and limitations well: China offered a more active role, but it has been effectively shut out. Unless Beijing substantially alters its stance in support of Russia (which it appears unlikely to do), China will lack necessary stature in the European region to meaningfully effect change.⁵¹

Europeans expect that Beijing's tactics will move onto establishing bilateral trade and political relationships with European states that are willing—and that provide tangible benefits for China. Serbia is one example of a European country where China has worked to establish unique and durable roots.⁵² Observers believe that China has its eyes on larger “prize” countries that could upset consensus in key European institutions like NATO and the EU. Türkiye, a member of NATO, is one prize, and Hungary, both a NATO state and an EU member, another target. In 2024, Türkiye expressed interest in closer economic ties with China, and President Recep Tayyip Erdoğan stated he would like to join the Chinese-led Shanghai Cooperation Organization.⁵³ Orbán visited China early in 2025 on a purported peace tour; Hungary also voted against increasing tariffs on Chinese EVs.⁵⁴ China still believes that it can use infrastructure investment offers as a way to peel off Europeans from the U.S. orbit through greater European participation in China's Belt and Road Initiative (BRI) or Global Development Initiative. But at mid-decade, trends have worked against Chinese gains in these programs as European states have tacked away from these economic programs, with Italy leaving BRI most recently.⁵⁵

Finally, China has made substantial European investments through its BRI, in the 14+1 format, and in specific economic and political ventures that it will seek to defend and expand. This could include inserting itself into disputes in the Balkans; expanding localization efforts of Chinese car manufacturers in Italy, Spain, and the United Kingdom; and more.⁵⁶ Beijing consistently and loudly proclaims a mantra of sovereignty first and works to appear neutral to uphold that image wherever possible, even when it is painfully obvious that it is not neutral in practice. However, over time, China has grown more active on the international stage and shed some of its insistence on sovereignty above all else. It does so, most commonly, when major economic or political investments are threatened, as demonstrated throughout Africa in defense of BRI investments and against bad governance.⁵⁷ If Chinese investments in Europe come under threat in the next half-decade, then Beijing may act similarly to contravene sovereignty in defense of China's interests.

In Europe, as worldwide, China's greatest source of strength remains its economic leverage. The EU has long had a trade deficit with China, one which reached a high of €396 billion in 2022.⁵⁸ Although this deficit shrank to €292 billion in 2023, it is estimated to increase again in 2025 due to U.S. tariffs, which may divert Chinese exports, particularly in semiconductor-related intermediary goods such as electronics and appliances, to the European market.⁵⁹ Unlike the United States, which adopted a more adversarial stance toward China through tariffs and export restrictions from the late 2010s, the EU has remained relatively interdependent.⁶⁰ Exports to China accounted for roughly 8 percent of Europe's export goods in 2024; meanwhile, imports from China accounted for 20 percent of total GDP.⁶¹ This has left the EU increasingly exposed to the consequences of China's subsidy-infused, export-dependent economic model and its dominant role in global manufacturing.

Europeans know that China's economic model distorts competition by enabling production below economically efficient and market-sustainable levels, generating overcapacity and driving rapacious export practices, particularly in key industrial sectors.⁶² According to the EU Chamber of Commerce in China's 2024 Business Confidence Survey, 36 percent of surveyed European firms operating in China already report facing overcapacity, with high levels in the automotive sector (62 percent), pharmaceuticals (56 percent), in-

dustrial machinery (55 percent), and chemicals (51 percent). These surpluses undermine European manufacturing because they exert downward pressure on prices.⁶³ The Organisation for Economic Co-operation and Development (OECD) predicted that China's steel overcapacity would reach 644 million tons during 2025, which is more than the total steel production of all OECD countries combined. The delayed shift to EV production allowed Chinese firms, backed by government subsidies generating artificial scale and driving down Chinese prices, to expand their global market share, putting pressure on the EU, where the automotive sector accounts for 8 percent of manufacturing output and 6 percent of total employment. At mid-decade, China's export dominance threat extends beyond EVs to solar panels, batteries, wind turbines, and other energy-generation technologies.⁶⁴

Combined, troublesome political and economic factors that emerged from 2019 through 2022 meant that China's economic importance to the EU can no longer inoculate China from European animus, as it often did before 2018. After the outbreak of the COVID-19 pandemic in 2020, Europe gradually shifted to a more confrontational stance on China. This shift toward a baseline of Sino-European strategic rivalry manifests in the NATO Strategic Concept of 2022, the EU declaration of de-risking from Chinese supply chains in March 2023, the new German strategy on China of July 2023, and other European national strategies.⁶⁵ Thus, by late 2024, Europe's wariness of China had renewed its attention toward strengthening both its internal cohesion and its transatlantic partnership with Washington.

However, steps taken by the second Trump administration beginning in early 2025 revived the possibility that Europe may hedge against a bruising trade and tariff war with new overtures toward China.⁶⁶ China appears poised to woo Europe by exploiting American criticism of Europe, such as that by Vice President JD Vance in his February 2025 Munich Security Conference speech denouncing Europe.⁶⁷ Chinese Foreign Minister Wang Yi followed Vance in Munich with a speech that contrasted America's brash approach with China's purported commitment to global responsibility, openness, and multilateralism.⁶⁸ Wang then conducted a whirlwind tour across Europe and Canada touting the reliability of China as a trade and finance partner while contrasting this to American interests and aims under the new Trump administration.⁶⁹ Even as Europe and the United States concluded an economic deal in July 2025 that set tariffs on many European goods at 15 percent but avoided a trade war, the future with Washington remains uncertain.

On the other hand, China's limitations vis-à-vis Europe significantly impedes its ability to compete with the United States in Europe. First and foremost, China does not have the groundwork, regional expertise, or history with Europe that either the United States or Russia has.⁷⁰ This makes it significantly harder for China to engage substantively beyond the jingoist "win-win cooperation" Beijing loudly touts. At mid-decade, these ongoing limitations were compounded by China's unpopularity among Europeans: China's highest favorability rating in any of the European states surveyed in 2025 was 42 percent.⁷¹

Chinese unpopularity has roots in its own choices regarding Europe throughout the early 2020s. China's support for Russia's war in Ukraine has made it deeply unpopular across the continent. China's image also suffered from its penchant for close relations with the least popular leaders in Europe, notably Orbán. Assertive Chinese wolf-warrior diplomacy contributed even more to its unpopularity. Europeans were very aware of China's bullying

tactics and aggressive economic sanctions against Lithuania during a 2021 dispute over Taiwan's diplomatic status. Moreover, Europeans are also cognizant of the damage done to Franco-Chinese relations by longtime and combative Chinese ex-ambassador to France Lu Shaye over 5 years prior to his February 2025 appointment as senior envoy for Europe.⁷² Lu Shaye's appointment to the senior post for Europe further eroded European trust in Chinese motivations toward the continent.

Perhaps most importantly, Europeans recognized that the future of Sino-European relations will be limited by mounting challenges within China, which will divert China's attention and resources inward, rather than dramatically expanding investments, military power, or diplomatic presence in Europe. These challenges will constrain China's ability to accommodate Europe's concerns on trade, investment, technology, Russia, and a host of other issues, which will prevent meaningful improvement in relations. The failure of the July 2025 EU-China summit to produce anything beyond a joint climate pledge proves that the enduring roadblocks to Sino-European rapprochement are far larger than the incentives to overcome them.

Europeans understand that China faces a mounting population crisis that shows no sign of abating and, if it continues, will decrease the population by half by 2100.⁷³ This creates an unsustainable population dynamic that will severely strain the Chinese health care system as it has to take on elder care, adding massively to the burdens on the Chinese state.⁷⁴ It also chips away at China's labor force. Adding to the population difficulties, the decades-long one-child policy created a remarkable gender imbalance: for every 100 girls born in China, 120 boys were born, creating a massive cohort of around 35 million "left-behind" men who have no chance to marry, cannot find work, have incomplete education, and cannot access the benefits of China's megacities because of their assigned rural *hukou* (a sort of Social Security–esque registration that determines where a person gets free school, health care, housing, and more).⁷⁵ Social stability is clearly a major concern for China's elites, as central directives have increasingly focused on it in response to a growing number of attacks, including the horrific incident in Zhuhai, where a man killed 35 and injured dozens at a local exercise park in response to grievances with the economy and court system.⁷⁶

Despite their near-term worries about Chinese manufacturing overcapacity, Europeans know that China's economy is also slowing, struggling to meet diminishing targets for growth.⁷⁷ Local debt is among the most concerning aspects of this economic slowdown and could threaten to spiral out of control.⁷⁸ China's recently announced fiscal stabilization takes aim at this problem, but the markets, and many experts, seem to feel that the measures do not go far enough, in large part because China's economy systemically undervalues domestic consumption.⁷⁹ China's massive, undereducated population will impede the transition of large sections of the workforce to the highest levels of the manufacturing ladder. At the same time, rising labor costs throughout the country are prompting a wave of offshoring not unlike what the United States witnessed over the past few decades.⁸⁰ The combination of these two problems means that China will not have the labor force to replace its manufacturing- and export-driven model with a model based on service and high tech, a change it needs to escape the middle-income trap.

The combined effect of these problems is that China will struggle to compromise with Europe during negotiations, and its political energy and economic resources will be increas-

ingly directed inward. Two competing trends will also exacerbate the institutional problems in China's foreign policy. First, bureaucrats in the increasingly personalistic regime have grown more cautious about innovation and reform and a larger share of decisions have to run toward the highest echelons of the CCP, slowing the innovation that has driven China's economy since reform and opening.⁸¹ Second, growing scholarship demonstrates the surprising degree to which subnational interests find expression, even in Chinese foreign policy.⁸² Already the local debt crisis is forcing localities to hijack central government foreign policy initiatives to supplement diminishing revenue streams, which is distorting Chinese foreign policy. Local leaders were long able to slap BRI labels on personal pet projects, for example, and those ate up central funds intended for international development.⁸³ The financial shadow of these policies continues to overhang China today. The administrative practice of hijacking central foreign policy directives for local-level ambitions also continues.

Sober European analysts understand that China's mid-decade challenges cannot be reduced to a simplistic catchphrase like "peak China." They recognize that led by the CCP, the Chinese state is among the most powerful government apparatuses in the world. They will likely be able to weather these and other internal challenges for years, if not decades. It will, however, take attention and energy away from the international scene, especially in relatively less important arenas such as Europe, within the Chinese political system.⁸⁴ Furthermore, it will make it harder to cooperate with Europe on issues where their preferences diverge, as China's flexibility is tied to its strength. But while confronting these challenges, China's primary objectives and activities in Europe likely will remain economic. The more economically active China grows in Europe, the more European values and preferences will contrast with those important for the CCP to maintain control. Both sides must be expected to push back against the other, creating a negative feedback loop that will threaten Chinese interests and suppress Sino-European cooperation over the remainder of the 2020s and likely for years to come.

European Agency and Its Future

Europe has survived many challenges over the past decade: from the wave of right-wing populism that nearly engulfed the continent in the late 2010s, to Brexit, to Trump's first Presidency, COVID-19, Russia's invasion of Ukraine, and now the second Trump Presidency. Europe faces its own set of challenges, many of which demand fundamental reforms. However, historical context is important for understanding Europe's future in an era of Great Power competition.

In some respects, Europe's future will depend on the degree to which it is able to adopt the recommendations of the Draghi and Letta reports in 2024 on global economic competitiveness, or, if not the reports themselves, then ideas similar to those found in them.⁸⁵ Germany's decision to reform its debt-brake and the EU's expanding defense expenditure package are positive signs that Europe may move toward a more robust and collaborative collective security posture. The effect of this increased defense spending, as of late 2025, remains highly contingent, as Trump has reacted positively and negatively to it at various turns. The degree to which Europe builds up its defense industrial base in tandem with the United States, rather than trying to supplant the United States, will in turn determine, in

large part, how positively the United States reacts to these developments. Europe must also contend with a second wave of far-right populists who have learned how to broaden their appeal despite several electoral setbacks in 2024 and 2025 and so still present a threat to the liberal democracies on the continent. The ability to either restart the Franco-German coalition or develop a new, more diversified leadership team for the EU (perhaps with some role played by Poland, Spain, Italy, or others) will also be essential for guiding Europe through to the 2030s. Europe may also try to hedge between the United States and China in Trump's second Presidency. It is likely that Europe will try and accommodate more hawkish views in Washington about China to avoid provoking American ire. At the same time, Europe must be expected to pursue several issues—climate, WTO, technology, arms control, and more—where it must engage both China and the United States if it is to make progress.

At the most basic level, Europe's future in the era of GPC is mostly tied to economics. Europe's economy is fragile; Europe has aging populations and precipitously declining births; the EU faces the persistent problem of political fragmentation; and the EU may conclude the 2020s enmeshed in trade disputes with two of the modern Great Powers and a proxy war with the other (and perhaps without its traditional transcontinental Great Power ally in full support of that proxy struggle). The degree to which Europe can emerge from the 2020s with substantial power and presence on the continent and around the world will most likely depend on four major industries: the auto industry; the energy sector; the defense industry; and the advanced technology sector.

The auto industry will remain a major part of the European economy. It employed 13.8 million Europeans and accounted for 7 percent of GDP in 2023.⁸⁶ But the headwinds facing the industry are massive and growing. Chinese competition, especially in battery electric vehicles (BEVs), is stiff and growing.⁸⁷ This is true in Europe, but even more so in China, where many European car manufacturers have for years placed their bets on future sales growth but are now being crowded out by domestic manufacturing and nationalist consumption.⁸⁸ Auto competition already has emerged as a major source of GPC and tension. In late 2024, the European Commission placed 35-percent tariffs on Chinese BEV imports, but it is unclear whether these will be sufficient to deter Chinese car manufacturers, who can produce cars at half the cost of their European counterparts. Furthermore, China may retaliate with tariffs of its own on European combustion-engine vehicles, which could hurt already dwindling profits for European manufacturers.⁸⁹ In early 2025, Trump made it clear that he intends to address market access imbalances for American car manufacturers in Europe.⁹⁰

Energy has already proven to be a major issue for GPC in Europe. Following Russia's 2022 invasion of Ukraine, Europe defied expectations and significantly decreased its consumption of Russian energy exports, but it continues to consume massive quantities of Russian gas. At the same time, China is outcompeting the West in all forms of clean energy, save nuclear, just as Europe legislates to expedite its own energy transition. Europe is, therefore, at risk of swapping one dependency for another. Its ambitious climate objectives are creating vulnerabilities to China up and down the supply chain. China dominates the solar photovoltaic cell market.⁹¹ It is working to become a dominant force in the nuclear and wind energy industries.⁹² China also has a well-documented dominance of the global supply in critical minerals.⁹³ All of these factors put Europe at risk of greater rather than less

dependence on China for energy—creating vulnerabilities. The solution will require a multifaceted diplomatic approach to the energy crisis with a wide portfolio of energy sources backed by newly developed de-risked and friend-shored supply chains of critical minerals. European progress in these areas will be difficult and take time.

European status in the evolving era of GPC also revolves around a more robust armaments manufacturing capacity. As the Russian (and Chinese) security threat to Europe promises to remain for the foreseeable future at the same time American military resources are increasingly focused on security needs in the Indo-Pacific region and for its homeland defense, Europe recognizes that it must step up domestic armaments production.⁹⁴ The task at hand is to develop an indigenous arms industry capable of supplying Europe with the conventional deterrent it needs to defend itself against primarily Russian intimidation or aggression without extreme dependence on armaments from the United States. There is a sliding scale of possibilities about how Europe can develop its own capabilities, but certain realities will prohibit Europe from becoming independent overnight. It will rely on the United States for several critical systems for years to come because Europe cannot build out the capacity to indigenously produce some systems in a short time frame. Sequencing the reduction of support to Europe will be important to avoid creating strategic gaps, as will prioritizing rapid increases in production over independence from the United States. The degree to which Europe pursues its defense modernization separately from the United States will also have implications on its foreign policy independence, as a larger indigenous defense industrial base may insulate the continent to some degree from Western pressures, but this is relatively far off and far from certain. Furthermore, so long as the underlying interests in Europe and the United States align, which we argue most people on both sides of the Atlantic believe they still do despite the challenges of the second Trump administration, then this independence will have few practical, real-world implications. Europe would prefer to do this in cooperation rather than competition with the United States. Europeans recognized that an integrated transatlantic defense industrial base would enable specialization and leverage comparative advantages for maximum joint efficiency.

Finally, Europe's future in the era of Great Power competition in Europe will almost certainly be conditioned by its posture in the high-technology innovation and manufacturing space. Although the EU has repeatedly flexed its regulatory muscle over international technology markets, it has yet to become a major source of innovation. Technological innovation is the bedrock of modern major economies. Europe will need to build an innovative ecosystem capable of supporting and developing a vibrant tech industry if it hopes to energize member state economies, fund a renaissance in security and defense, and remain a viable factor in the evolution of GPC. Furthermore, it would be best for Europe to build this innovative ecosystem while maintaining an emphasis on de-risking with China, not only for Europe's own security and economic future, but also because doing so would benefit its relationship with the United States, with whom it has previously wrestled over integrating Chinese technologies in sensitive areas. Europe's lead in the manufacture of many machines and chemicals, as well as its cutting-edge semiconductor technology, give it a solid foundation on which to build, but it must leverage these fundamentals to develop a high-tech, innovative economy. Most of Europe would prefer that the West retain a high-tech manufacturing edge so that liberal democracies write the rules and norms for effective and ethical use.

Conclusion and Forecasts

In 2025, the main conditions and factors facing Europe in the shadow of a 3-year-old major war over Ukraine generate three major conclusions and cautious forecasts. These three revolve around the importance of transatlantic cooperation on economic security, the imperative of continued transatlantic support for Ukraine's independence, and the need for frank, constructive, serious, and open transatlantic dialogue with the United States about the reformulation of defense and security burden-sharing.

Unilaterally de-risking from China will fail to effectively constrain Chinese technological advances or economic dominance, while hobbling both Europe and the United States. As a result, Europe should collaborate closely with the United States, particularly with the Departments of Commerce, Treasury, and State. This collaboration should rationalize and harmonize a bilateral approach for managing trade in advanced technologies with China. It should include appropriate coordinated strategies for minimizing the most risky manufacturing dependencies on China. Ultimately, all export controls are porous in the modern, globalized economy, and this is especially true for technologies. Thus, forging ahead with restrictions on European exports without cooperating with the United States makes virtually no sense. Doing nothing, however, is equally foolhardy. Furthermore, the United States, despite the political promises of both of its major political parties, does not have the capacity to totally reshore supply chains, nor should it. Trade is mutually beneficial. Therefore, Europe has an avenue to collaborate closely with the United States: friend-shore and secure critical supply lines. One much discussed and important arena to continue this collaboration is in critical minerals.

Second, Europe must ensure that Ukraine remains an independent, sovereign state. Europe can and should do more to support Ukraine directly, and it should minimize the degree to which it relies on the United States to maintain Ukraine's defense. But the reality is that Europe needs the United States to secure Ukraine. Fortunately, there is a narrative that Europe can use to appeal to Washington to support Ukraine. Abandoning Ukraine, or allowing it to suffer a strategic defeat, will seriously compromise European security for decades to come. It will all but guarantee that Russia renews aggression against Ukraine in the future, as Putin's totalizing interpretation of the Russian imperial project leaves no room for halfway conquests. It opens NATO and its partners up to increased gray zone conflict, and potentially even large-scale aggression. In short, failing Ukraine, especially in the name of shifting priorities in the Indo-Pacific, will in the long run increase the resources the United States will have to pour into the continent. At the same time, bringing the war to a rapid end is unquestionably a desirable objective. However, as of mid-2025, Putin seems to believe that he can improve his situation on the battlefield in the short term, while stringing Trump along with false promises of negotiation. Considering this, the West should move rapidly to strengthen Ukraine's position. The first and most effective tool will be to arm Ukraine further, including with air defense systems that Trump has indicated potential willingness to send. Expanded arms sales, however, will be politically difficult in the United States. Europe should therefore seek to buy as many systems as it can, prioritizing systems it cannot produce itself, such as long-range strike and air defense systems, and provide them to Ukraine. At the same time, to maximize efficiency and joint strength, Europe and the United States should thoroughly incorporate Ukraine into the Western defense industrial base. Doing so

will protect Ukraine, while also enhancing Western security by enabling the United States and Europe to learn from Ukraine's areas of comparative advantage: drone manufacturing, jam-resistant communications, and more.

There are also other meaningful and relatively easy steps that the United States and its Western allies can take if they are serious about addressing Russian aggression. They could clamp down on sanctions evasion. Since the outbreak of the war, European trade with the Central Asian states has skyrocketed well past credible levels. Clearly, these states are reselling goods to Russia, keeping the Russian war economy afloat. On the demand side, the Europeans continue to purchase Russian fossil fuels, giving Putin a critical lifeline of \$1 billion a month, and sell unmarked ships to the Russians, which in turn gives them a shadow fleet capable of easily circumventing sanctions on Russian energy.⁹⁵ Stopping these purchases and sales would significantly weaken the Russian economy, especially because Gazprom, the Russian state gas company, has been faltering in recent months. Closing these loopholes could also bring Europe and the United States closer together: as American oil and natural gas production is expected to skyrocket during Trump's second term, the excesses could be sold to Europe to make up for losses in Russian sources.

At the same time, however, sanctions are not the panacea that many see them as. Protectionist trade policy has inherent risks for global economic fragmentation. And as the conflict in Ukraine demonstrates, continuous sanctions inspire evasion, a turning away from the dollar, and ultimately create a sanctions-proof economy. This is why protectionist measures must be targeted so that China and Russia remain meaningfully enmeshed in the international system to prevent their economies from becoming sanction-proof. China may continue to pursue policies that insulate its internal market from external pressures, while ensuring other markets remain susceptible to and dependent on China—the so-called “dual-circulation model.” But history demonstrates the dangers of such moves: it was bidirectionally trading with the international system that so massively enriched the Chinese, and the inefficiencies associated with this model will haunt China's economy for years. Furthermore, there are effective tools of statecraft other than sanctions. Europe and the United States could leverage foreign direct investments, build coalitions with China's neighbors and members of the global south, and yes, where it is necessary, collaborate with China. On the more aggressive side, Europe and the United States can censure the actions of their rivals, name and shame them for human rights abuses, and even exert military force where appropriate. Perhaps most effectively, as American diplomat George Kennan called for in a different Cold War age, they can invest at “home” in the collective West, which will pay the largest dividends by convincing our rivals of the futility of continued competition. Domestic investments will also make larger military budgets more domestically palatable, cutting off the threat of extremist populism.

Finally, Europe must engage the United States in frank, constructive, and open dialogue about shifting burdens in Europe and abroad. Europe must be honest about its own shortcomings and acknowledge that, despite any personal distaste they may hold for Trump, he is correct about European free riding. In the first half of 2025, NATO Secretary General Mark Rutte, while occasionally overly effusive with Trump, has proved effective at striking this bold new tone while still working with the Americans to enhance transatlantic security and cooperation. Europe should not, however, allow itself to be pushed around: the

2025 NATO summit pledge to spend 5 percent of GDP on defense is a major achievement, one that Europe should highlight.⁹⁶ Europe must also recognize that the United States has shifting priorities, as well as limited resources. To cut off any sudden abandonment, Europe should initiate a conversation about how it can step up, the systems it can and should procure from the United States, what it should build on its own, and what systems it needs the United States to continue to provide in the medium term. Doing so will ensure that no strategic gaps emerge as the United States shifts eastward. In exchange, Europe should ask what the United States would like it to do in the Indo-Pacific, aware that the second Trump administration may be less interested in a European security role there than was the Biden administration.⁹⁷ While traditional gestures like freedom-of-navigation operations in the Taiwan Strait will remain valuable, Europe should highlight its strengths in the region: economic leverage vis-à-vis China, close collaboration with NATO's partners in the region, and potential equipment deliveries to Taiwan, among others.

Forecasting and Uncertainty

These three interrelated conclusions and forecasts are tempered by the potential for unforeseen events. At the same time, the general trends unfolding in Europe during 2025 seem unlikely to shift drastically. China, Russia, and the United States all face significant difficulties in the region and will continue to do so for the next half-decade. Moreover, the challenges faced by China and Russia will likely grow more serious over time. The greatest threat to the United States in Europe is not Russia or China, but itself. If the second Trump administration can avoid costly and unnecessary missteps, then Europe will be content to see America maintain its preeminence in the region and the United States would simultaneously empower its most important strategic partnership for the pursuit of success in its global Great Power competition against China and Russia. Russia's war in Ukraine has turned even many in the European populist right against Putin, and Russia will not find welcome there for another half-decade or more. China's support for Russia continues, at mid-decade, to cost it in its relationship with Europe, further convincing Europe that it must meet China's economic challenges with proportionate, well-measured responses.

At mid-decade, therefore, Europe remains ready to help America retain its global preeminence. Russia has essentially ruined its chances of playing a meaningful role (beyond menace) in Europe for the next decade. And China, while it has made some inroads, lacks the appeal, ground game, or capacity to capture European markets, much less European allegiance, given Europe's view of China's worrisome strategic trajectory. Europe is a collection of 37 sovereign states with competing interests and differing capabilities. Within that context, the European Union looms large as a potential peer—although further in the future, not at present—to the other Great Powers. For now, Europe will likely remain firmly in the American camp. However, the more coercive U.S. diplomacy toward Europe becomes, the less voluntary this support for U.S. preeminence will be and the more it will become driven by fundamental European dependencies on the United States.

The short-term consequences of growing American coercion will likely be minimized: Europe still depends on the United States for defense, energy, and its economic security, and has few good near-term or future options with either China or Russia in these areas. But unrestrained American demands or increasingly abrasive behavior by Washington to-

ward Europe over time will lay the groundwork for a future transatlantic divorce—one that would weaken American power projection and further degrade international order. Europe currently seeks to invest in its defense industrial base in a collaborative manner, but that could easily change from strengthened interdependence to independence, from cooperation to replacement. Europe could shift its energy dependence—in several ways and over time—from the United States to other states or other energy sources. Europe also could decrease its economic reliance on the United States by developing new commercial and financial partnerships across Latin America, Australasia, and Africa. Therefore, the United States would be wise to treat its European alliance and partner relationships as a benign hegemon, focused on influence by attraction, rather than a transactional hegemon, corroding its historic good will by too often resorting to influence by coercion.

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Notes

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⁸⁴ Alastair Iain Johnston found that a “pre-occupation” model, in which domestic unrest captured elite attention and forced China to be less aggressive abroad, better explained Chinese international behavior between 1949 and 1992 than did a diversionary model, where elites try and distract from problems at home by pursuing nationalist foreign policy abroad. Alastair Iain Johnston, “China's Militarized Interstate Dispute Behaviour 1949–1992: A First Cut at the Data,” *The China Quarterly* 153 (1998), 1–30, <https://doi.org/10.1017/S030574100002964>; See also M. Taylor Fravel, *Strong Borders, Secure Nation: Cooperation and Conflict in China's Territorial Disputes* (Princeton: Princeton University Press, 2008); Xiaoting Li, “The Taming of The Red Dragon: The Militarized Worldview and China's Use of Force, 1949–2001,” *Foreign Policy Analysis* 9, no. 4 (October 2013), 387–407, <https://www.jstor.org/stable/24910822>. For an example of this dynamic outside the armed conflict setting, see Yu Jie and Lucy Ridout, “Who Decides China's Foreign Policy?” Chatham House, November 1, 2021, 12–13, <https://www.chathamhouse.org/2021/11/who-decides-chinas-foreign-policy/cpc-and-central-government-institutions-0>. Some would argue that the opposite could be true: that increasing pressure at home will cause China to become more active abroad. See, for example, Jacob Stokes, “Behind China's Black Box,” Center for a New American Security, April 30, 2024, <https://www.cnas.org/publications/reports/beyond-chinas-black-box>; Susan Shirk, “The Domestic Context of Chinese Foreign Security Policies,” in *The Oxford Handbook of the International Relations of Asia*, ed. Saadia M. Pekkanen, John Ravenhill, and Rosemary Foot (New York: Oxford University Press, 2014). For an extended debate, see Tarun Chhabra and Ryan Hass, “Global China: Domestic Politics and Foreign Policy,” Brookings Institution, September 2019, <https://www.brookings.edu/articles/global-china-domestic-politics-and-foreign-policy/>. Our argument in this chapter aligns with the view that China's structural difficulties and internal challenges will co-opt Chinese institutional capacity to focus on foreign policy, and especially in arenas of foreign policy of lesser concern, such as Europe. This will result in less well-reasoned and more rash Chinese Communist Party (CCP) leadership decisionmaking, as well as decreased time for central leaders to attend to foreign policy concerns. Second, and relatedly, assumptions of Chinese foreign policy activism or aggression in the event of increasing domestic problems virtually all hinge on activity in East Asia, a region of greater importance to the CCP than Europe. Either possibility sustains our main argument that systemic and internal problems will complicate China's relationship with Europe. Accommodating Europe will become simultaneously less important and less possible as a result of less policy space.

⁸⁵ For details on these reports, see Mario Draghi, *The Future of European Competitiveness*, parts A and B (Luxembourg: Publications Office of the European Commission, September 2024), https://commission.europa.eu/topics/eu-competitiveness/draghi-report_en; Marta Pachon Diaz, “Draghi and Letta: Two Strategies to Tackle the EU's Competitive Lag,” MAPFRE, October 18, 2024, <https://www.mapfre.com/en/insights/economy/draghi-letta/>; Zach Meyers, “Draghi and Letta's Proposals to Reform Competition Policy: A Step Backwards for European Innovation,” Centre for European Reform, November 17, 2024, <https://www.cer.eu/in-the-press/draghi-and-letta-s-proposals-reform-competition-policy-step-backwards-european>.

⁸⁶ Harald Deubener et al., “European Automotive Industry: What It Takes to Regain Competitiveness,” McKinsey and Company, March 10, 2025, <https://www.mckinsey.com/industries/automotive-and-assembly/our-insights/>

european-automotive-industry-what-it-takes-to-regain-competitiveness.

⁸⁷ Brad W. Setser, "Will China Take Over the Global Auto Industry?" Council on Foreign Relations, December 8, 2024, <https://www.cfr.org/blog/will-china-take-over-global-auto-industry>.

⁸⁸ Michael Dunne, "China Is Done With Global Carmakers: 'Thanks for Coming,'" *Dunne Insights Newsletter*, August 6, 2024, <https://newsletter.dunneinsights.com/p/china-is-done-with-global-carmakers>.

⁸⁹ Featherston, "Slamming the Brakes."

⁹⁰ Jeanna Smialek and Melissa Eddy, "Trump's Tariffs on Autos Would Hit Europe Hard," *New York Times*, March 26, 2025, <https://www.nytimes.com/2025/03/26/business/trump-auto-tariffs-europe.html>.

⁹¹ Keith Bradsher, "How China Came to Dominate the World in Solar Energy," *New York Times*, March 7, 2024, <https://www.nytimes.com/2024/03/07/business/china-solar-energy-exports.html>.

⁹² Christopher Cytera and Oona Lagercrantz, "China Threatens Europe's Windmills," *Center for European Policy Analysis*, October 17, 2024, <https://cepa.org/article/china-threatens-europes-windmills/>.

⁹³ Anca Gurzu, "How China Dominates Critical Minerals in Three Charts," *Cipher*, April 30, 2025, <https://web.archive.org/web/20250606022148/https://www.ciphernews.com/articles/how-china-dominates-critical-minerals-in-three-charts/>.

⁹⁴ Jack Detsch, "Taiwan's Former President Says Ukraine Needs U.S. Weapons More Urgently Than Taipei," *Politico*, November 23, 2024, <https://www.politico.com/news/2024/11/23/taiwans-former-president-says-ukraine-needs-u-s-weapons-more-urgently-than-taipei-00191400>.

⁹⁵ Hockenos, "Europe Somehow Still Depends on Russia's Energy."

⁹⁶ Paul McLeary and Joshua Posaner, "Rutte: NATO Spending Target Will Be 'Considerably More Than 3 Percent,'" *Politico*, February 15, 2025, <https://www.politico.eu/article/mark-rutte-nato-defense-spending-target-considerably-more-3-percent-munich-security-conference/>.

⁹⁷ "Remarks by Secretary of Defense Pete Hegseth at the 2025 Shangri-La Dialogue in Singapore (As Delivered)."