

# The Transatlantic Alliance in the Age of Trump

## *The Coming Collisions*

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*This report is Part 1 in a two-part series titled “The Transatlantic Alliance in the Age of Trump.” Part 1 previews the coming collisions in transatlantic relations and whether a “grand bargain” between the United States and Europe to avoid conflict is plausible. It will examine the various policy areas where clashes are likely, examining NATO, Ukraine, technology, trade, climate, international organizations, and China policy. It will look at why collisions in each policy area are possible, how a dispute could escalate, and potential risks facing both sides. Part 2 will explore how the European political project may evolve as a result of the collisions discussed in Part 1.*

### *Introduction*

The United States and Europe are on a collision course that will fundamentally alter and transform transatlantic relations. It is not just one issue that will trigger a clash but seemingly every issue. From NATO to Ukraine, climate to trade, tech regulations to China, the United States and Europe will likely clash, repeatedly and continuously. The impact of these collisions will be transformative for transatlantic relations and will reshape the transatlantic alliance. Europe is now staring at the beginning of a new post-American age. Since the end of World War II, Europe has been inextricably tied to the United States. While there have occasionally been rifts in the transatlantic fabric, these were always mendable. But the clashes that are coming may not be, and they may forever change the nature of transatlantic relations. Europe is now reckoning with a potential future where it may have to chart its own course.

At the core of the tension is that Europe and the United States under Donald Trump now have very different views of the transatlantic alliance and of the world. For Europe, relations with the United States have served as Europe’s North Star and the foundation of Europe’s foreign policy, and were treated with the utmost importance. Europe, today, desperately wants to preserve the alliance as it currently exists and ensure the United States’ continued place as the guarantor of European security. For the United States,

Europe is seen as being of lesser importance. Even before President Trump's return to office, Europe had become an afterthought to Washington. Russia's invasion of Ukraine—the annexation of Crimea in 2014 and the full-scale invasion in 2022—refocused U.S. attention on Europe, but only temporarily. NATO may have returned to its Cold War focus on deterring Russian power, but the United States has not. Nevertheless, there had still been a clear bipartisan consensus across administrations on the importance of the United States' continued leadership in Europe as being core to U.S. global strategy.

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That bipartisan consensus had been weakening and now appears fully broken. President Donald Trump has a very different perspective toward Europe and NATO—one that sees less value in alliances. There appears to be very little interest in preserving the transatlantic status quo. Instead, the Trump administration has made clear that it wants to fundamentally change the present alliance dynamics. There is a sense in Trump's Washington that Europe matters less in the world, and yet Europe is taking advantage of the U.S. security guarantee to ignore its defense responsibilities, all the while targeting U.S. companies with burdensome regulations. In the same week, JD Vance took the stage in Paris to **denounce** European technology regulations, while Secretary of Defense Pete Hegseth clearly **outlined** that the United States would prioritize Asia and create a “division of labor” where Europe takes “responsibility for its own security.”

The president and his administration also appear to have little interest in Europe. In Secretary of State Marco Rubio's initial call list, only Poland and NATO made the first fifteen calls (and neither were among the first ten). The United Kingdom was not included, despite the special relationship, and neither were France, Germany, or the European Union. Furthermore, there are few, if any, traditional transatlanticists in the second Trump administration to speak in favor of the alliance, as there were in the first Trump administration. There is also a reaction to Europe's both real and perceived condescension toward Trump's MAGA-inspired nationalism. Statements from European leaders and governments that criticized Trump or praised President Biden have accelerated an underlying angst toward Europe. This has led to a mood in Washington that resembles 2002 and 2003, around the Iraq War, which led to an explosion of anti-(Western) European sentiment, especially toward France and Germany for objecting to the U.S. invasion of Iraq.

This mix of apathy and angst toward Europe means it is likely that the Trump administration is willing to be extremely assertive and confrontational, including taking steps that may significantly weaken or undermine the transatlantic alliance. Trump's **remarks** at Davos on January 23, 2025, and in other brief comments to the press made clear that a confrontation is coming, especially with the European Union. European appeals to being loyal NATO allies will likely have little resonance. Instead, the Trump administration is likely to demand concessions from Europe on all sorts of policy areas, all the while also seeking to fundamentally transform NATO by reducing its security presence and commitment to European security.

More broadly, though, the United States and Europe now have fundamentally different outlooks toward the world. Not since the U.S. invasion of Iraq have the United States and Europe been so far apart in outlook. In *Of Paradise and Power* from 2003, Robert Kagan described the United States and Europe as being from different planets; the martial Americans were from Mars, while the pacifist Europeans were from Venus. Now both sides appear to be from different centuries, with the Trump administration adopting an outlook of the predatory and imperialist 1890s, with the Europeans still rooted in the liberal triumphalism of the 1990s.

This report looks ahead at the coming collisions in transatlantic relations. It first examines whether a “grand bargain” between the United States and Europe to avoid conflict is plausible. Unfortunately, both due to political, policy, and structural reasons, reaching a grand deal across policy areas looks highly implausible. Next, the report analyzes and breaks down the various policy areas where clashes are likely, examining NATO, Ukraine, technology, trade, climate, international organizations, and China policy. It will look at why a collision is possible, how that could escalate, and potential risks to both sides.

What will make the coming collisions incredibly dynamic from a policy perspective is that they will interact with each other, facilitating either an escalatory or de-escalatory dynamic. This means that an escalating fight in one policy area could cause an even more bitter and aggressive fight in another policy area. Alternatively, should agreement or détente be achieved, such as in a tit-for-tat tariff war, that could create momentum for de-escalation in other areas. In short, the policy dynamic in the transatlantic relationship will be characterized by brinksmanship and tension. This will put the alliance on edge and could create an atmosphere of profound distrust.

How Europe navigates the coming collisions will have significant repercussions for its future and the future of the transatlantic alliance and the global order. Despite U.S. conceptions that Europe is stagnant and in decline, Europe is in fact constantly evolving. The European Union looks very different today than it did 5, 10, and 20 years ago, and it will likely look very different at the end of the Trump administration. How Europe and its project may evolve will be the focus of the second report in this series.

## *The Coming Transatlantic Collisions*

### **A GRAND BARGAIN IS UNLIKELY**

To stave off a transatlantic rupture, it has been asserted that perhaps the United States and Europe could cut a deal or strike some sort of grand bargain. Europe, for instance, could make some concessions, perhaps agree to purchase more liquified natural gas from the United States, spend more on defense, buy more U.S. weapons, or make some trade concessions, in exchange for a relatively placid relationship and the continuation of the U.S. security commitment. But a transatlantic grand bargain is highly unlikely for the simple reason that the Trump administration looks determined to remake the partnership in a way that Europe will find unacceptable.

Reaching a grand bargain will require compromises on both sides, including the Trump administration. The crux of the issue is that any bargain will be rooted in a continued U.S. security presence in Europe. Thus, the question is whether the Trump administration will be willing to leave the U.S. security presence in Europe, and therefore, NATO, untouched as part of any deal.

Many incoming Trump administration officials, as well as U.S. companies squeezed by EU regulations, want to use the U.S. security guarantee as a tool to extract concessions from Europe on economic, trade, and tech policy. During the presidential campaign, Vice President JD Vance [linked](#) U.S. security commitments through NATO to looser European tech regulation of Elon Musk's social media platform, X. Yet the Trump administration has made clear that it is determined to fundamentally shift the burden of European security from the United States to Europe. This will likely mean a significant reduction in U.S. forces in Europe. The U.S. security guarantee will only serve as bargaining leverage over Europe if it is not materially weakened. Instead of making compromises, the Trump administration will likely, and in many ways understandably, not want to choose or prioritize. Instead, it will insist on Europe making major policy concessions, all the while also shifting the defense burden to Europe.

Moreover, once the United States treats Europe's security as a hostage to be negotiated over, there is no reason why the United States cannot keep taking it hostage. For instance, should the European Union alter its technology regulations, effectively passing a new law to appease the Trump administration and to keep U.S. forces in place, what is there to prevent the United States from seeking ever more concessions on other issues, such as trade or carbon tariffs? The hostage—Europe's security, in this case—is never actually released, as the United States can always threaten European security by pulling back in every follow-on policy clash.

What may also trigger tension is that there is lack of trust. The Trump administration sees Europeans as feckless and willing to say the right things, such as about defense spending, but then failing to follow through. Europeans, meanwhile, are unlikely to trust the president to stick to any deal. The mere fact that President Trump has threatened to impose tariffs against Canada and Mexico, despite having negotiated the United States-Mexico-Canada Agreement (USMCA) a few years ago, will likely raise concerns about entering any deal with the United States.

Yet, even if both sides wanted a grand bargain, there are major structural obstacles. For the United States, making difficult policy trade-offs across sectors, especially between defense and economic areas, would be difficult for any administration. For Europe, the structural problems are even more profound, as economic and regulatory issues are completely disconnected from defense policy. The power to negotiate and retaliate on economic, regulatory, climate, and trade issues resides with the European Union, and more specifically with the European Commission, not with European member states. Yet when it comes to defense and security issues, the power lies not with the European Union but with member states and NATO. Member states can push the European Commission and pressure its president, Ursula von der Leyen, which could shape how the European Union responds or retaliates. But they cannot force the European Commission to not implement EU law or to change EU laws and policy. Moreover, member states are a diverse group and are unlikely to universally agree to cave to U.S. pressure. Thus, changing EU law and policy to satisfy Trump and to ensure continued U.S. security commitment would be structurally very difficult for the European Union to pull off, even if many, if not most member states, wanted to strike such a deal. France in particular will seize on efforts to hold European security hostage for policy concessions as unacceptable, and it will likely push back against the efforts of other member states to pressure the European Commission to soften its approach or change policy.

Lastly, Europe's perceived weakness will likely lead the Trump administration to underestimate Europe. On the one hand, the clash with the United States comes at a terrible time for Europe. There is political disarray in France and Germany. European unity is plagued by internal Trojan horse states, like Hungary and Slovakia, that block European unity. Europe is plagued by economic frailty and stagnation. The continent is at its most insecure since the Cold War, and it is as dependent as ever on the United States both for its security and its energy supply. And yet, Europe's weakness is also vastly overstated, especially by Europeans. Europe has shown again and again its strength in unity when facing direct challenges to its union, exemplified by its response to Brexit. Brussels is largely empowered to act, and Europeans have shown a willingness to do whatever it takes to protect themselves in crises.

Thus, it is hard to see a grand bargain happening in the immediate term. Instead, it looks likely that there will be major policy collisions in many different sectors. These collisions may be bruising. Some may become all-encompassing fights, while others may simmer but never fully come to a boil. Instead of a grand bargain, a more hopeful path may be that a *détente* is eventually reached in which both sides essentially agree to tolerate each other. The challenge for transatlantic relations is to navigate these coming collisions without truly upending the alliance.

### *Clashes Everywhere, All at Once*

#### **NATO AND EUROPEAN DEFENSE: BURDEN-SHIFTING, FOR REAL THIS TIME**

Europe will try desperately to maintain the status quo on defense with the United States, ensuring European security and staying engaged in NATO. The problem for Europe is that the Trump administration appears intent on shifting responsibility for European security to Europeans.

President Trump's talk of annexing Greenland from Denmark also raised fundamental concerns about the U.S. commitment to NATO. If the United States is seeking to take an ally's territory, it is hard to see it coming to defend an ally's territory. At his first NATO Defense Ministerial, Secretary of Defense Hegseth [said](#), "the United States will no longer tolerate an imbalanced relationship which encourages dependency. Rather, our relationship will prioritize empowering Europe to own responsibility for its own security."

This represents a radical shift in the United States' foreign policy toward Europe. Since the 1950s, the United States has sought to play an indispensable role in European security. As much as U.S. administrations have complained about the lack of European defense spending and Europe's limited defense capabilities, the United States has not supported Europe working to organize itself militarily without the United States (this has particularly been the case since the end of the Cold War, when the United States aggressively opposed such self-organization). The United States, across administrations, has been strongly opposed to the European Union's involvement in defense. European dependence on the United States has been seen as a feature, not a bug, of the current structure of NATO, giving the United States a set of ready-made partners and unparalleled influence in a large, wealthy, and technologically advanced region. Yet President Trump has shown little affinity toward NATO and has repeatedly questioned its value. A new generation of defense and foreign policy thinkers in Republican foreign policy see the United States as overstretched and emphasize the need to ruthlessly prioritize Asia over Europe.

Trump has recently **demanded** that European countries spend 5 percent of GDP on defense, which is much more than what the United States spends and a significant increase from what anyone has been calling for; it is also almost certainly unachievable for almost all NATO countries. Trump, in short, is laying out a demand that he knows will not be met and that lays the groundwork for the United States to pull back.

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The question now is whether and in which form that transition comes about. It is highly likely that the Trump administration will reduce U.S. force presence in Europe, with some reports of 20,000 forces **being withdrawn**. In a report **titled** the *The Prioritization Imperative*, Heritage Foundation Research Fellow Robert Peters and former Heritage Foundation scholar and current Acting Under Secretary of Defense for Policy Alex Velez-Green wrote that the items to be transferred “will likely include submarines and surface combatants; heavy bombers; fighter, electronic attack, maritime patrol, and airborne early warning and control (AEW&C) aircraft; air and missile defenses; certain ground-based long-range fires; critical munitions for air, naval, and ground platforms; and critical enablers, such as airlift, sealift, and intelligence, surveillance, and reconnaissance (ISR) assets.” Such a shift will create enormous gaps in European defense. A U.S. pullback and a move toward making the U.S. position in NATO essentially “**dormant**,” as conservative scholar Sumantra Maitra notably called for, looks quite possible.

Should the United States pull back, Europe will have to take urgent and ambitious steps. It will require not just significant fiscal outlays but massive internal reforms to ensure that Europeans can fight together. However, should Europe take these steps and effectively “get their act together,” the result will not be a more supplicant European Commission looking to make concessions but exactly the opposite. A U.S. pullback from European security will make clashes in other policy areas more intense.

### *Ukraine as Europe’s Problem?*

President Trump has called for a negotiated end to the war in Ukraine. Yet there is significant uncertainty not only about whether such a deal can be reached, but also about the U.S. commitment to Ukraine.

What makes a comprehensive peace settlement somewhat unlikely is that Russia presently has the military advantage, as the future of U.S. military support is now uncertain and as the Biden administration allocated almost all of the funding from the April 2024 supplemental appropriation. While the Trump administration has the leverage to push Ukraine to the negotiating table, it is not clear by any means that it can bring Russia to the table without making concessions that either Ukraine finds unacceptable or that fundamentally alter European security. It seems likely that whether talks succeed or fail, the financial costs of both rebuilding and, vitally, rearming Ukraine are likely to be seen as a



European responsibility by the Trump administration. The problem for Ukraine is that Europe simply lacks the military materiel and the defense industrial capacity to match U.S. aid.

This may force Europe to effectively procure U.S. military equipment, such as 155 mm ammunition from the United States, for Ukraine. Europe may do whatever it takes to ensure Ukraine doesn't lose. Yet it will certainly resent having to buy U.S. aid, adding to the sense of abandonment and angst toward the United States. Thus, there is a distinct prospect for Europe that it will not only have to scramble to support Ukraine, but that it will also need to scramble to deal with a potential withdrawal of U.S. forces.

Even more problematic for Europe (and Ukraine) is the potential for the United States to enter direct negotiations with Russia about the future of European security over their heads. There are fears in Europe of a "Yalta II" scenario, echoing the 1945 conference in which the United States, the United Kingdom, and the Soviet Union carved up the future of post-World War II Eastern Europe. This will add to a deep sense of distrust toward Washington, all of which will likely lead to more tension in other policy areas.

### *U.S.-EU Trade War 2.0: Pain Both Ways*

The U.S.-EU trade relationship is one of the most important in the history of the world. The European economy is massive—with 450 million mostly wealthy consumers, its economy is roughly equivalent in size to the economies of the United States and China. Trump's proposed trade agenda, with upward of 20 percent tariffs, will hurt the European economy, which is even more dependent on the U.S. market for exports as China is squeezing out European products. Almost **20 percent of EU exports** went to the United States in 2023. Thus, the European Union fears getting squeezed by both of its export markets.

On February 7, President Trump **announced** plans to impose reciprocal tariffs on U.S. imports equal to the rates that trading partners impose on U.S. exports. While details of the proposal remain unclear, the announcement will surely raise concerns in Europe about an imminent trade war with the United States. The February 7 announcement follows late January comments in which Trump **said** that he would "absolutely" levy tariffs on the European Union, citing Brussels' action against U.S. tech companies and its large trade deficit in goods. On February 9, President Trump announced that he would impose 25 percent tariffs on all imports of steel and aluminum on February 10, with reciprocal tariffs on all products to follow on February 11. While European steel and aluminum exports to the United States are relatively limited, the tariffs will likely trigger a forceful response from Brussels, with the European Commission already **labeling** them as "unlawful" and "counterproductive."

The European Union would prefer to avoid a trade war, and it has offered certain concessions. European Commission President Ursula von der Leyen has suggested that the European Union could buy more U.S. LNG as part of a broader trade deal with Washington. The head of the European Parliament's trade committee **suggested** that the European Union could reduce its 10 percent import tax on cars, aligning it more closely with the 2.5 percent charged by the United States. Yet it is unclear what to offer, since it is unclear what President Trump is after besides a general rebalancing of trade. In addition, the euro has **depreciated** roughly 5 percent since November 5, which makes EU exports to the United States 5 percent more competitive and may soften the short-term blow of any aggressive U.S. measures.

Importantly, trade is a policy area where the European Union has the power and the ability to act. The European Union does not need unanimous support from member states to act, and the European Commission is largely empowered to retaliate. A dedicated task force within the European Commission has spent the past year preparing for potential trade spats with the United States. Brussels will already have a list of U.S. products that could be targeted for retaliation, likely predominantly goods produced in Republican states, as well as symbolic goods like bourbon and Harley Davidson motorcycles. The European Union could thus reimpose tariffs on U.S. imports that were suspended under the deal that ended the 2018 dispute with the first Trump administration. Without action, these suspended tariffs are already scheduled to enter into force in March 2025, and they will target products such as orange juice, peanut butter, Harley Davidsons, and bourbon.

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The European Union can also survive a bruising trade war with the United States, as it is much less exposed to the U.S. market than Canada or Mexico. Martin Sandbu of the *Financial Times* **assessed** that for Germany and Italy, “if *all* their exports to the US were halted in a trade war, about 3 per cent of GDP would disappear directly . . . comparable to a bad recession and milder than the Covid-19 shock. And that is a worst-case scenario.” In short, a trade war to the death with the United States would be more costly for the European Union than the United States, but both would experience negative economic effects. Meanwhile, Europe’s politicians would be bolstered politically because it was the United States that started the fight.

The European Union also has a new tool, the Anti-Coercion-Instrument (ACI), **described** as the union’s retaliatory “bazooka.” This is a new tool that the European Union has never used. The idea for the instrument emerged during the Trump administration but was only fully developed in response to China’s targeting of the Lithuanian economy following its increased diplomatic recognition of Taiwan. The tool is intended to enable the European Union to respond to a country that is targeting a member state and therefore seeking to undermine the single market. The instrument enables the European Union to apply a wide range of retaliatory measures, including revoking intellectual property rights that could be particularly harmful to U.S. tech companies in Europe. It also enables the European Union to block foreign direct investment and restrict access to banking, insurance, and other financial services. With regard to timing, the instrument was partly designed to allow for a swift response to economic coercion and will likely be applied expeditiously. However, it may take many months for an investigation to be concluded and for the European Council to determine the existence of economic coercion.

In an escalating trade war, the European Union will also try to counter the United States by forging a common front with other U.S. allies and G-7 members. On February 12, Canadian Prime Minister Justin Trudeau was in Brussels to meet with the European Union, where trade tensions with the United States were no doubt discussed. The European Union will also seek to coordinate with other U.S. allies, such as Australia, Japan, Mexico, South Korea, and the United Kingdom.



The potential for a transatlantic trade war to cause major economic fallout, as well as the European Union's reasonably strong ability to fight such a war and link it to other policy areas, such as technology companies through the ACI, will likely create incentives on both sides not to let a trade war spiral out of hand.

### *Technology Regulations: The Coming U.S.-EU Techpocalypse?*

Technology regulations may well be the policy area where collision becomes most politically intense. U.S. technology companies have long opposed European technology regulations. Yet the depth of hostility and concern on both sides of the Atlantic since Trump's election has been revealing.

With the election of Donald Trump, U.S. tech companies see a huge opportunity for the United States to assert maximum pressure on the European Union to drop its approach toward tech regulation. They, much like U.S. companies in other sectors, see Europe's military dependence as potential leverage vis-à-vis the European Union. Meta CEO Mark Zuckerberg **asserted** that EU competition rules were "almost like a tariff" and that "If some other country was screwing with another industry that we cared about, the U.S. government would probably find some way to put pressure on them." Marc Andreessen, cofounder of the venture capital firm Andreessen Horowitz and an influential Trump donor, **told** Ross Douthat in a *New York Times* podcast that "we face enormous challenges in Europe. Enormous challenges even in the U.K. There's just these extremely draconian anti-tech, anti-business, anti-American policies . . . what they're also doing is damaging our companies. And so we would like to work with the administration to help global markets open up and for American companies to win."

In many respects, U.S. tech companies are fighting so hard not because they can walk away from their second-largest market—a market roughly the size of the United States—but because they can't. What they are extremely nervous about is the so-called Brussels effect—whereby EU regulations in fact set global market standards due to the European Union's market size and pave the way for others around the world (Brazil, India, etc.) to emulate the EU rules.

Yet U.S. pressure may backfire and in fact put U.S. tech companies more in the firing line. A *Financial Times* report, for instance, **highlighted** the ability of the European Union to suspend intellectual property rights in the European Union for U.S. tech companies as part of the ACI to respond to U.S. tariffs or threats against Greenland. The maximum pressure campaign on tech regulations, coupled with ignoring EU laws (essentially daring the European Union to respond, as X seems to be doing), is unlikely to work.

The European Union has initially responded gingerly to statements from the Trump administration. The union, for instance, **dropped** its AI liability proposal, following Vice President Vance's speech in Paris, which attacked EU technology regulation. Yet the clashes in the above areas will likely stiffen the commission's spine. There are also several reasons why the European Union will find it incredibly difficult to compromise.

First, by elevating the publicity around the clash, U.S. tech companies are threatening the very credibility of the European Union, which the union will likely doggedly defend. The European Union is almost certainly not going to back down and may accelerate its enforcement of its tech laws. Furthermore, should the European Union fail to implement its laws, EU citizens can take the union to the European Court of Justice, the EU supreme court, potentially forcing greater enforcement.

Second, Europe may have little to lose economically (and perhaps more to gain) by vigorous enforcement of its regulations vis-à-vis U.S. companies, particularly relating to social media. There are many reasons why U.S. technology companies have been successful in Europe and have gained dominant market positions. But the European Union may also see economic advantages in disrupting those positions and creating space for EU, or at least EU-compliant, companies to gain market share. It is not as if entrepreneurs in the European Union are technologically incapable of building rival platforms, but they struggle to dislodge the existing companies and gain scale. When China and Russia banned U.S. platforms, they created their own equivalent technology companies. While there are many things the European Union needs to do facilitate innovation, such as improving access to capital, pushing U.S. companies out of the European market could create a vacuum for European tech companies to gain European scale.

Third, and perhaps most importantly, Europeans believe that the health of their democracy is at stake. The critical question for the European Union is whether it wants its tech, and particularly its social media sector, to look like that of the United States. A clash over Elon Musk's X seems imminent. Since the election, Musk has bluntly inserted himself into European politics. He is publicly backing the far-right AfD in the German elections and **gave** the AfD's lead candidate a high-profile interview. He has also **gone after** UK Prime Minister Keir Starmer and promised to invest significantly to support the far-right reform party. Mark Zuckerberg has also changed Meta's and Facebook's content moderation policies in the United States, which may impact the European Union as well. Meanwhile, the European Union's Digital Services Act is law and all but requires the union to act against X, given the utter lack of content moderation and other failings by X to meet the regulatory standards. Now former EU Commissioner Thierry Bretton has published a letter **warning** of X's "due diligence obligations set out in the Digital Services Act." The transition to a new EU Commission has temporarily put the issue on ice, but once the new EU Commission is in place, the European Union will have to respond to X's flagrant disregard for EU law.

Ironically, the U.S. banning of TikTok, as well as the emergence of rivals to X following Elon Musk's purchase of Twitter, may reduce the fears of EU decisionmakers about disrupting the social media marketplace. Furthermore, while U.S. officials and executives decry Europe's lack of innovation, Europeans may similarly see the United States' virtually unregulated online media environment as politically and socially corrosive. Spanish Prime Minister Pedro Sanchez, for instance, **said** that social media companies "were poisoning society." He continued: "Let's take back control. Let's make social media great again."

Europe is thus unlikely to back down to U.S. pressure on tech regulations and it may very well take stronger action as a result, as this is an area where it has considerable leverage.

### *Energy and Climate: On Different Planets*

Transatlantic clashes over climate policy and regulations will also be tumultuous. The European Union, having passed the Green Deal under the previous European Commission, is now set to implement various regulations and provisions that will likely provoke strong reactions from the Trump administration and U.S. companies.

The European Union will begin implementing a carbon border adjustment mechanism (CBAM), which is essentially a carbon tariff, in 2026. Navigating this would have been challenging under a Harris administration, since the United States lacks any carbon pricing mechanism. But because the United States was taking climate action through the Inflation Reduction Act and other regulatory means, the prevailing mood was that the United States and the European Union could come to an understanding. However, the Trump administration's rollback of renewable energy incentives and environmental regulations means that carbon-intensive industries that export to the European Union will likely be affected by the tariff. Thus, even if there is a tariff détente reached in 2025 on other issues, CBAM implementation could trigger another conflict.

Meanwhile, other provisions of the Green Deal, such as REPowerEU, the Green Deal Industrial Plan, the Regulation on Deforestation-free Products, and the Corporate Sustainability Due Diligence Directive (CSDDD), which targets oil and gas companies and essentially enables EU citizens to engage in lawfare against fossil fuel companies, will spur clashes. Green policies have spurred backlash within Europe, and perhaps there would be openness to compromise or watering down some of these regulations.

More broadly, the United States turning away from climate action, such as by pulling out of the Paris Climate Accords, will stoke intense anti-Americanism within Europe, especially among younger post-Cold War Europeans. European attitudes toward China may also soften given the bold steps China is taking on climate, creating a major opportunity for China to wedge European public opinion in its favor.

### *The Familiar Fight: The “Rules-Based Liberal International Order”*

Europe and the United States under Trump have different outlooks toward the world and different approaches to international affairs, which will serve to exacerbate tensions. For instance, the concept of a rules-based liberal international order is largely dismissed by many in the Trump administration yet remains foundational to Europe's geopolitical outlook.

President Trump's rhetoric about annexing Gaza for the United States and preventing Palestinians from returning was met with condemnation in Europe. Moreover, the president's efforts to bring Greenland and the Panama Canal under U.S. control have similarly led to concerns in Europe about the United States undermining the post-World War II international consensus against the forceful or coercive changing of borders. Should the Trump administration pursue these efforts, it will inevitably lead to a diplomatic clash with Europe.

The Trump administration's decision to sanction the International Criminal Court (ICC) has also been condemned by many EU countries. The European Union and European states are seeking to protect the ICC and maintain its international standing. European Commissioner for Democracy, Justice, the Rule of Law and Consumer Protection Michael McGrath pledged that the European Union **will continue** “to use the tools at . . . [its] disposal to protect the ICC.” This will likely be an area where there is a continuously simmering opposition to the Trump administration. The United States may make Europe a potential target of future secondary sanctions, similar to during Trump's first term, when the United States pulled out of a nuclear agreement with Iran while Europe remained a party to it and became the target of secondary sanctions from the United States.

Furthermore, the administration's withdrawal from the World Health Organization and the Paris Climate Accords marks a stark contrast with Europe. These withdrawals sets up a familiar clash between Europe and U.S. Republican administrations, where the United States slams UN and other multilateral structures, while the European Union seeks to uphold and protect them.

Additionally, the abrupt shutdown of USAID, as well as the pullback of the United States from climate financing agreements with countries like South Africa and Indonesia, will put more of an onus on Europe. The European Union and its member states are already the largest foreign aid donors in the world. Yet there are fears that the ending of U.S. aid to places like the Horn of Africa could create instability and refugee flows. Thus, with the United States' retreat there is more financial burden placed on Europe to support development, civil society, and democracy initiatives.

### *China: Renewed Transatlantic Divergence?*

At the end of the first Trump administration, there was a growing schism between the United States and Europe over China. The Trump administration, understandably concerned about the increasing presence of the Chinese company Huawei in the digital infrastructure of its European allies, insisted that Europe stop incorporating Huawei into Europe's networks. In December 2020, the European Union, led by German Chancellor Angela Merkel, **negotiated** a trade and investment agreement with China that was designed to bring Europe and China closer together economically. Yet the Biden administration made a concerted effort to increasingly align transatlantic approaches toward China. This led to a significant narrowing of the differences between the United States and Europe regarding China, with Europe largely adopting a much more hawkish tone.

Much of this was due to China's actions, such as its support of Russia's war machine in Ukraine, and there are clear economic reasons for the Europeans to adopt a firm approach toward China. Yet the tensions that emerge in transatlantic relations in the aforementioned policy areas may also weaken transatlantic unity with regard to China policy. Europe has often seen the United States as unnecessarily hawkish on China, provoking tensions, such as with Speaker of the House Nancy Pelosi's 2022 **visit** to Taiwan. Thus, Europe may resist hawkish approaches toward China from the Trump administration. They may also see opportunities to cooperate with Beijing on global climate action.

Economically, Europe and China, both export-focused economies, are in firm competition with each other. Both China and Europe strive to be global leaders in the clean technology sector, for instance, and Chinese overproduction is threatening European industrial champions, particularly in the auto sector. Nevertheless, China may offer market access opportunities that may entice Europe to soften its approach toward Beijing. Europe's instinct may become more skeptical of alignment with the United States on China policy, which in turn may lead to more tension.

### *Conclusion*

Each of the policy areas examined in this report could become a major source of tension. They each could spiral out of control and cause deep, perhaps irrevocable risks to the future of the transatlantic alliance. Policymakers on both sides will need to be cognizant of the risks and the potential harm that such clashes can cause. As such, the United States should not assume European weakness, and Brussels should not assume the worst from Washington.

The Trump administration's efforts to fundamentally alter the transatlantic relationship and shift the burden of European security to Europe should not have to mean the end of the alliance. Europe will need to act. But the Trump administration should also realize that upending the alliance while also escalating fights in other policy areas such as trade, tech, and climate, or imposing secondary sanctions on Europeans, may cause major blowback in each of those policy areas and, most importantly, irrevocably rupture the alliance. Collisions are inevitably coming, but both sides should proceed with care. ■

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