



# Navigating the storm? The EU, the UK and Trump 2.0

By Luigi Scazzieri

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This policy brief is the second of the CER/KAS project, “Plotting a Course Together: UK-EU Co-operation in Times of Uncertainty”. This paper focuses on the prospect of a second Trump presidency and its impact on relations. The first paper focused on UK-EU co-operation in relation to Ukraine. The third study will focus on Baltic security.

- ★ Donald Trump could be the next US president. A second Trump presidency would lead to extensive transatlantic turbulence. Trump’s view of NATO as a protection racket, his scepticism about support for Ukraine and his trade protectionism are well known. But Trump is likely to be more familiar with the levers of power and to be less restrained in a second term than he was in his first. Meanwhile, Russia’s war on Ukraine means that the stakes for European security are much higher than before.
- ★ Many policy-makers in the EU and the UK think that it will be possible to manage Trump. They hope that his rhetoric on NATO will not be backed up by concrete disruptive action, and that they will be able to placate him through rising defence spending. Similarly, they hope that Trump’s Ukraine policy may not turn out to be a radical departure from Biden’s, and that it may be possible to persuade him to continue supporting Kyiv.
- ★ While hoping for the best, EU and UK policy-makers are also hedging against the worst. Defence spending is rising, and both the EU and the UK have been increasing their support for Ukraine. European policy-makers are discussing how to strengthen NATO’s European pillar, including in terms of nuclear deterrence, and how to give the EU a greater role in buttressing the European defence industry.
- ★ However, Europeans will continue to rely on the US for deterring Russia for a long time. Meanwhile, supporting Ukraine with less US involvement would be very challenging, not least because a reduction in American support would embolden European sceptics of further assistance. Crafting a common economic response to Trump’s policies also won’t be easy – many countries will be wary of picking fights with Washington if they think Trump will no longer defend them.
- ★ Trump’s policies on NATO, Ukraine and trade will create pressure for the UK and its European partners to work more closely together. Bilateral ties between the UK and individual EU members like Germany are likely to be strengthened. A Trump victory is also likely to encourage the UK and the EU to deepen security and defence co-operation.
- ★ A Trump Presidency might also facilitate a broader UK-EU *rapprochement*, particularly if Britain feels isolated and squeezed by the economic hit from a Trump trade war and the EU’s own response to it. Many in the EU are also likely to think that Britain should be kept as close as possible.
- ★ To navigate a Trump presidency, the UK and its European partners will need to be creative and pragmatic in finding new ways to work together, especially if there are deep divisions in NATO and the EU. Much security co-operation is likely to take place bilaterally, or in small flexible groups of like-minded countries.



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Donald Trump could be the next US president. Despite his legal troubles, polls suggest that Trump is currently ahead of Joe Biden and is the favourite to win in November.<sup>1</sup> Even if Biden ends up winning a larger share of the popular vote, Trump may be able to carry crucial states to win the electoral college, allowing him to secure victory. Trump's first term led to transatlantic splits on a host of issues ranging from trade and defence burden-sharing to the Middle East. Relations under his successor Joe Biden have been much better, even though Biden's trade policy has also been protectionist in many ways. A second Trump term would herald a new period of transatlantic turbulence, rekindling tensions on trade, NATO, Ukraine, China and the Middle East.

This paper assesses the possible impact of a Trump presidency on transatlantic relations, European security, and the UK-EU relationship. First, it sets out what risks a second Trump presidency would pose for the UK and the EU, focusing on security and trade. Second,

it analyses how the EU and the UK are thinking about and preparing for the prospect of a second Trump presidency. Finally, it assesses how a second Trump presidency could affect UK-EU relations and how likely it is to spark greater co-operation.

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## The Trump risk

Trump's first term as President led to extensive transatlantic tensions in both security policy and economic policy. Trump started a trade war with Europe, imposing tariffs on European steel and aluminium exports on spurious national security grounds. The EU (of which the UK was still a member) retaliated by imposing tariffs on a range of US exports such as motorcycles, jeans and whiskey. In terms of security, Trump berated many European countries for not spending enough on defence. He was openly hostile to NATO and accused allies who were not meeting NATO's target of spending 2 per cent of GDP on defence of being "delinquent" and freeriding on the US for security. Trump threatened to withdraw from NATO and, according to his former national security adviser John Bolton, came close to doing so at the Alliance's 2018 summit.<sup>2</sup> Trump's broader foreign policy also created a range of challenges for Europeans. Trump forcefully pushed European countries to follow his policies towards China, most notably by threatening to cut intelligence sharing if they did not exclude 5G equipment made by the Chinese company Huawei from their telecoms networks. Trump's withdrawal from the Paris climate agreement made climate diplomacy very difficult; his deference to Russian president Vladimir Putin alarmed many Europeans, and his withdrawal from the Iran nuclear agreement led to more instability in the Middle East.

In many ways, a second Trump term is likely to mirror his first term. Trump's protectionism and his views on NATO are based on beliefs he has held for decades. While campaigning, Trump has threatened to double

down on the policies he pursued in his first term. At a campaign rally in February, he recounted a story in which (he claimed) he told an allied leader that he "would encourage" Russia to do "whatever the hell they want" to NATO allies that were spending less than 2 per cent of GDP on defence.<sup>3</sup> Trump has little sympathy for Ukraine's struggle against Russia, and his stance contributed to US aid being delayed by about six months. Trump has boasted that he would end the Ukraine war "in one day", probably by pressuring Ukraine into making territorial concessions to Russia.<sup>4</sup>

In relation to trade, Trump has threatened to impose a 10 per cent tariff on all foreign imports to the US, to phase out all imports of essential goods from China and to impose a 60 per cent tariff on other Chinese imports.<sup>5</sup> He has also promised to reverse many of Biden's measures to decarbonise the US economy, and to withdraw from the Paris climate agreement again. Trump would also press the EU and the UK to align with his policies on China, including on restricting exports of sensitive technology. In that respect, there would be little change in policy aims compared to the Biden administration.<sup>6</sup> But a second Trump administration could be more willing to use unconventional measures to force European compliance, such as secondary sanctions on European companies doing business with Chinese firms sanctioned by the US.

Trump's policies on security and trade are likely to be more disruptive now than they were during his first term. There are two reasons for that. First, Trump is likely to be less restrained. In his first term, his isolationist

1: *The Economist*, 'A second Trump term: From unthinkable to probable', June 13<sup>th</sup> 2024.

2: Marianna Alfaro, 'Bolton says Trump might have pulled the US out of NATO if he had been reelected', *Washington Post*, March 4<sup>th</sup> 2022.

3: Jill Colvin, 'Trump says he once told a NATO ally to pay its share or he'd 'encourage' Russia to do what it wanted', *AP News*, February 11<sup>th</sup> 2024.

4: Isaac Arnsdorf, Josh Dawsey and Michael Birnbaum, 'Inside Donald Trump's secret, long-shot plan to end the war in Ukraine', *Washington Post*, April 7<sup>th</sup> 2024.

5: Alan Wolff, 'Trump's proposed blanket tariffs would risk a global trade war', Peterson Institute for International Economics, May 29<sup>th</sup> 2024 ; Charlie Savage, Jonathan Swan and Maggie Haberman, 'A new tax on imports and a split from China: Trump's 2025 trade agenda', *New York Times*, December 26<sup>th</sup> 2023.

6: Zach Meyers and Sander Tordoir 'Can the EU hold back the great tech decoupling?', CER insight, May 3<sup>rd</sup> 2024.

instincts were often kept in check by his own and his close advisers' lack of familiarity with the levers of power. Few officials were wholly aligned with Trump's views, forcing him to rely on moderate Republican figures, such as defence secretary James Mattis. The moderates were often able to steer Trump away from following his worst instincts. In a second term, Trump and his entourage would be more organised and therefore better able to handle the levers of government. Trump has made no secret of the fact that he intends to purge the bureaucracy of unsympathetic officials who might stymie his agenda.<sup>7</sup> Trump also exerts a tighter grip on the Republican Party, which reflects his domestic and international political outlook more closely than it did in his first term. There is now a Trumpian policy ecosystem in Washington and think tanks such as the America First Institute and the Heritage Foundation have been developing policy ideas for a second Trump term. These are set out, for example, in 'Mandate for leadership: The conservative promise', a 900-page book put together by Project 2025 (which describes itself as paving the way for an effective conservative administration) and published by the Heritage Foundation. Project 2025 is also compiling a 'Presidential personnel database' of potential political appointees to make it easier for Trump to find loyal individuals to serve in his administration.

*“If re-elected, Trump and his entourage would be more organised and used to the levers of power.”*

The second reason why a second Trump term could be more disruptive is that the risk of international conflict is much higher than it was during his first term. Russia's full-scale invasion of Ukraine was a watershed moment in European security, and Trump's choices will have a huge impact in shaping the trajectory of the war and Europe's security more widely. Trump could try to strike a deal with Putin over the heads of Ukraine and its European supporters. Trump may also delay further assistance to Kyiv, or be unwilling to ask Congress to authorise more assistance after the current package runs out. A reduction in assistance would put Ukraine in a very difficult position, both because of shortages of weaponry and because of the negative impact on morale. Europeans would find it difficult to make up for the lack of US support – they have donated much of their existing stocks, and defence production is increasing slowly. The chances of Russia gaining the upper hand in the conflict would grow. If Russia manages to defeat Ukraine, it may then turn its attention to attacking others, including NATO countries like the Baltic states – especially in a scenario where

Trump has cast doubt on his willingness to come to their defence – and provoke a catastrophic conflict. Europeans would struggle to credibly deter Russia without the US providing key military capabilities in areas such as air defence, command and control, intelligence and long-range strike capabilities.

The stakes are also higher in the Indo-Pacific. Competition between the US and China has deepened, and China's support for Russia's war effort has helped Moscow in the conflict. There are concerns about Beijing taking on a more forward-leaning role in supporting Russia, or embarking on military action to assert its sovereignty over Taiwan and break the US system of alliances in East Asia. Trump's actions will be instrumental in shaping the course China takes. He may be swayed by the increasingly influential group of Republicans that argue that Washington simply cannot afford to allocate limited military and financial resources to Europe's defence given resource scarcity, and that Europeans should be left to their own devices – even if this is disruptive in the short term.<sup>8</sup>

Finally, the way Trump handles Europe's neighbourhood will also directly affect the EU and the UK. Trump may increase instability in the Western Balkans, if he revives his idea of land swaps to settle border disputes like the one between Serbia and Kosovo. But the biggest risks are in the Middle East. In his first term, Trump withdrew from the Iran nuclear agreement that Obama had concluded and launched a policy of 'maximum pressure' aimed to curtail Iran's progress towards nuclear weapons and its support for militant groups like Hezbollah in Lebanon and the Houthis in Yemen. Trump's approach failed: Iran doubled down on its efforts to obtain nuclear weapons, and its foreign policy became more aggressive rather than more subdued. Trump also embraced Israel very closely, lending unconditional support to Prime Minister Netanyahu. If Trump repeats these policies in a second term, this might precipitate a conflict. Following the Israel-Hamas conflict, there is a growing risk that a clash between Israel and Hezbollah will lead to a broader regional war between the US and Israel on one side and Iran and its allies on the other. While none of the key players may want a full-scale conflict, war could still break out because of miscalculation and tit-for-tat escalation. Unconditional support by Trump may encourage Israel to launch an operation against Hezbollah, or to embark on other actions that further inflame tensions, like annexation of parts of the West Bank. A conflict in the Middle East could disrupt global energy flows and lead to a new spike in inflation, hammering European economies and compounding the effect of any Trump-induced trade war.

7: Will Weissert, 'Trump wants to fire thousands of government workers. Liberals are preparing to fight back if he wins', *AP News*, February 16<sup>th</sup> 2024.

8: Leonard Schuette, 'Seize the Burden: A European Initiative to Put NATO on a Sustainable Footing', *American German Institute*, June 10<sup>th</sup> 2024.

## Hoping for the best

The current approach taken by European countries to the possibility of a second Trump presidency may be characterised as hoping for the best. The UK, Germany and other European countries hope that they will be able to ‘manage’ Trump and that his bark will be much worse than his bite – as was the case in his first presidency. The overriding concern is how Trump will approach the war in Ukraine and NATO. Countries that are most exposed to the consequences of Ukraine’s possible defeat are the most worried: the Baltic states and Poland, followed by the Nordic countries. But concern is widespread elsewhere too, with leaders in Britain, France and Germany highlighting the importance of continuing to support Ukraine. Conversely, the prospect of a reduction of American assistance to Ukraine and a possible peace agreement does not worry Hungary and Slovakia – whose leaders have been vocally sceptical about support for Kyiv.

*“European countries hope that Trump’s bark will be much worse than his bite.”*

Many European policy-makers hope that Trump could ultimately be persuaded to support Kyiv, pointing out that he has displayed some ambiguity on the issue, and that he is very inconsistent. Indeed, Trump has sometimes appeared open to continued assistance to Ukraine. For example, he has hinted that he would be willing to continue backing Kyiv if support was structured as loans rather than grants. Trump has also urged Europeans to “match the money put in by the United States in order to help a country in desperate need”, suggesting some understanding for Ukraine’s cause.<sup>9</sup> And in April, Trump supported the decision by House Speaker Mike Johnson to hold a vote on Ukraine aid, which may have eased opposition among some Republicans.<sup>10</sup>

Those European countries who see continuing to back Ukraine as a priority will try to persuade Trump to do so, and will try to pre-empt any unilateral moves on his part. There is still hope that Trump would include some moderate figures in his administration and that they could help to convince him that assisting Ukraine is in America’s national interest. Europeans plan to make use of different arguments to try to steer Trump in that direction. Many will try to appeal to his fear of looking weak, by arguing that Putin is unlikely to abide by any deal, and that he will therefore make him look foolish. Europeans will also argue that cutting support for Ukraine would be disastrous for US credibility across the world, and that it could encourage Beijing to be more aggressive in the South China Sea. Finally, some Europeans are also

likely to try to persuade Trump that the US can benefit economically from providing Ukraine with military assistance. Some policy-makers think that Trump may end up becoming a strong supporter of Ukraine if he tries to strike a deal with Putin but ends up being made to look weak or gullible.

As far as NATO is concerned, European allies who spend less than 2 per cent expect that they will be berated by Trump over their defence spending. However, there is still widespread hope that Trump will be virulently critical but will not withdraw substantial US forces or equipment from Europe. Some European officials point to how US troops stationed in Europe actually increased in number during Trump’s first term. Some EU and UK policy-makers also hope that Trump may be restrained by the legislation that Congress passed in 2023 to prohibit the President from withdrawing from NATO, or using funds to do so, without its approval.

Europeans are also trying to show Republicans that they are already carrying a bigger share of the burden of their own defence. The prospect of Trump’s re-election, coupled with Russia’s war on Ukraine, has prompted many European countries to increase their defence spending. According to NATO, twenty-two European allies will meet the 2 per cent target this year, and European NATO members in the aggregate will hit 2 per cent.<sup>11</sup> Some countries spend well over 2 per cent, like Poland, where defence spending is set to hit 4 per cent of GDP this year. The hope, particularly for countries neighbouring Russia, is that by meeting the 2 per cent target they can make sure that Trump will be committed to their defence bilaterally even if he undermines NATO’s multilateral security guarantees. So far, Trump has not suggested that he would not defend allies who meet the 2 per cent target, and all the countries most exposed to Russian aggression are above the target. European NATO members will also try to ensure that their contributions to NATO operations are as visible as possible. This is particularly important for countries that are spending substantially less than 2 per cent, such as Italy, Spain and Belgium.

On trade, European policy-makers stress that the Biden administration has largely maintained the protectionist policies imposed in Trump’s first term, and added some of its own, including strong ‘Buy American’ policies, for example under the Inflation Reduction Act (IRA) bill. But under Biden, the US has also sought to reduce tensions with Europe and find negotiated solutions to conflicts like the Airbus-Boeing dispute and the steel and aluminium tariffs. Biden’s administration extended IRA tax credits for EU-built electric vehicles if they are

9: Donald Trump, Post on TruthSocial, April 18<sup>th</sup> 2024.

10: James M Lindsay, ‘Election 2024: Donald Trump declines to fight aid to Ukraine’, Council on Foreign Relations, April 19<sup>th</sup> 2024.

11: NATO, ‘Defence Expenditure of NATO Countries (2014-2024)’, June 2024 update.

leased. Washington has also sought to build bridges to the EU through the transatlantic Trade and Technology Council, a forum bringing together senior US and EU officials to co-ordinate policy. The question for European policy-makers is whether Trump will seek to immediately reignite conflicts with Europe. The EU's persistent trade surplus with the US would make it a vulnerable target if Trump made a serious effort to reduce the US's global trade deficit.

As with security, the hope is that Trump can be steered away from pursuing the most disruptive policies on trade. Helpfully, Europeans have become more hawkish on China, though they still view Beijing differently from the US and remain more willing to trade and invest in China, and to encourage Chinese investment in their countries.<sup>12</sup> Europeans will try to emphasise their degree of alignment with the US on China. More broadly, they will also try to emphasise the depth of their bilateral economic ties to the US, such as a trade deficit if they have one, or their purchases of US arms and US technology. For example,

Bulgaria and Poland have turned to US companies to build nuclear reactors, and are likely to leverage this to maintain good relations with Trump.

The UK and other European countries are making practical preparations to influence a possible Trump administration on issues that are important to them. They are trying to intensify their outreach to the Republican Party and to potential members of a future Trump administration, to shape their thinking and gain allies who might be able to restrain Trump. One of the most forward leaning in this regard has been the British Labour Party, which has tried to pivot from anti-Trumpism to a more pragmatic stance in recent months, emphasising that it will work constructively with the next president, whoever they are.<sup>13</sup> Notably, Foreign Secretary David Lammy has made several trips to the US to meet with Republicans and strengthen ties. Other countries are likely to rely more on leaders that have a good relationship with Trump. For example, Poland will probably leverage President Duda's strong relationship with Trump.

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## Hedging to prepare for the worst?

While they are hoping for a possible second Trump term to look no worse than his first term, Europeans are also thinking about how to deal with a scenario in which Trump follows through with his threats, particularly on cutting support for Ukraine and drastically reducing the US commitment to NATO. Whether or not Congress could prevent Trump from formally withdrawing from NATO, it could not prevent him from implementing disruptive policies short of that. For example, Trump could state that he would not defend allies who were spending less than 2 per cent, or he could withdraw some US troops or equipment from Europe. Trump could also announce a change in US nuclear deterrence policy, saying that Washington would only use its weapons to defend its territory and not that of its allies.

*“Trump's re-election would show that his first term was not an aberration.”*

There are many ideas floating around European governments on how to increase support for Ukraine, strengthen the European pillar of NATO, and become more resilient in the face of external economic pressure. France's President Emmanuel Macron has in many ways been the leader of this conversation over the past few years. Macron has highlighted the need for Europeans to do more to strengthen their economic model and their defences to cope with a scenario in which the US is less

committed or able to defend Europe. In economic terms, Macron's agenda focuses on more EU-level industrial policy to support strategic industries and build EU champions; while in security and defence his emphasis is on greater investments in European military capabilities, including the possibility of funding them through joint borrowing. When it comes to Ukraine, Macron has called for greater European support for Kyiv, and has controversially argued that Europeans cannot rule out more direct involvement in the conflict, for example through advisors on the ground.

Macron's ideas on greater economic sovereignty have gained ground in recent years and have underpinned the EU's attempts to build a more muscular trade and industrial policy, for example by being tougher in curtailing market access for firms that benefit from foreign subsidies. And while Macron's notion of 'European strategic autonomy' was controversial, there is now broad agreement on the need to strengthen NATO's European pillar. The EU has put forward a Defence Industrial Strategy to boost defence production, and the French proposal for defence bonds has been gaining momentum, with the likes of Poland, Denmark and Estonia coming out in favour.<sup>14</sup> The idea of joint borrowing for defence remains very controversial in Germany and the Netherlands, largely due to their hawkish position on more EU-level spending or common debt. However, Trump's re-election would show that his first term was not an aberration, and could lend

12: Charles Grant, 'China and the West: the gap is set to grow', CER insight, June 5<sup>th</sup> 2024.

13: Catherine Philip, 'Interview with David Lammy', *The Times*, May 10<sup>th</sup> 2024.

14: Aurélie Pugnet, 'Estonia, France, Poland call for more cash for the defence industry', Euractiv, March 11<sup>th</sup> 2024; Jacopo Barigazzi, 'Dire' Ukraine situation has Denmark mulling mega shift on EU defense bonds', *Politico*, May 27<sup>th</sup> 2024.



momentum to the discussion on issuing EU bonds to provide more funding for defence.

There is little concrete willingness, either in the EU or the UK, to contemplate what a NATO with less American involvement could look like. The assumption on both sides of the channel tends to be that NATO structures will remain functional even if the US takes a less prominent role in the alliance. There is, however, an embryonic discussion taking place about nuclear deterrence. Currently, France's nuclear doctrine is that its nuclear weapons are not formally assigned to NATO and are meant to defend France's vital interests. Macron has stated that these interests have a "European dimension", signalling openness to rethinking the role of France's nuclear forces, to explore how France's nuclear deterrence could be more explicitly extended to cover its allies.<sup>15</sup> There are also preparations to Trump-proof NATO and support for Ukraine. Europeans are already providing more overall assistance to Ukraine than the US is. According to the Kiel Institute's Ukraine Support tracker, Europeans had allocated over €100 billion and the US €74 billion by the end of April this year. The US remains the largest provider of military assistance at over €50 billion in allocations, but European countries collectively are not far behind at over €47 billion.<sup>16</sup> The EU has also recently agreed to use the interest on Russian frozen assets to military support for Ukraine, which will funnel around €3 billion a year in additional support to Ukraine in coming years.<sup>17</sup> NATO is set to take a bigger role in co-ordinating military assistance to Ukraine, which is currently done through the US-led Ramstein group. This is meant to ensure that a reduction in US assistance or an American withdrawal from the Ramstein group does not undermine the effectiveness of co-ordination.

*“Increasing European support for Ukraine would be both practically and politically challenging.”*

When it comes to securing Europe's economy, political leaders in the EU and the UK have put forward proposals to increase their economic resilience independently of whether Trump wins re-election. In the UK, the new Labour government wants to pursue an economic policy dubbed 'securonomics', which has a particular focus on increasing domestic energy production and taking on a more active role to encourage inward investment.<sup>18</sup> In the EU, there are proposals to screen inbound and outward investment; to strengthen the single market by

completing the banking and capital markets union; and to increase resilience to shocks by fostering increased domestic production of goods considered to be strategic, such as chips.

One of the effects of a Trump victory is likely to be a further rise in defence spending in many European countries, since they will calculate that higher spending can deflect Trump's anger and serve as a hedge against his unreliability. Trump's victory may also give additional momentum to plans to issue EU defence bonds. Funding additional defence spending through EU defence bonds may be a way to boost spending in countries where there is scepticism about higher defence spending, such as Germany, Italy or Spain.

If sustained over many years, a rise in defence spending would strengthen the military capabilities of European NATO allies and allow them to be more self-reliant. However, in the short term it would be difficult for European countries to deter Russia without being able to rely on critical US enablers. Supporting Ukraine would also be very challenging with less US involvement (or none at all). If there was a reduction in US support, Europeans would need to provide Ukraine with even more assistance to prevent it from being defeated. That would be practically challenging, given the difficulties that European countries have faced in increasing defence production. But increasing support for Ukraine would also be politically difficult. Public opinion surveys identify substantial scepticism in many Western and south-eastern European countries like France, Germany, Italy and Greece.<sup>19</sup> Such scepticism would almost certainly deepen if the US was no longer providing assistance, as many would argue that further support for Ukraine was hopeless and a waste of money. At the same time, many of Ukraine's strongest supporters, like Poland and the Baltics, are also the most reliant on the US for security and may not wish to pick a fight with a Trump administration that was both ready to threaten withdrawal from NATO and concerned about being dragged into a conflict with Russia by other allies. As a result, there may no longer be a broad European consensus in favour of supporting Kyiv. It would be challenging for EU countries to agree on EU-level support measures, such as payments from the European Peace Facility – which can be vetoed by any member-state. Channelling assistance to Ukraine in small group frameworks that do not need EU consensus, such as the Czech initiative to source ammunition for Ukraine from global markets, would be easier and allow the involvement of non-EU allies like the UK or Norway.

15: Nicolas Camut, 'Macron wants to open 'debate' on European nuclear deterrent', *Politico*, April 28<sup>th</sup> 2024.

16: Kiel Institute for World Economy, 'Ukraine Support tracker', June 2024 update.

17: Council of the EU, 'Extraordinary revenues generated by immobilised Russian assets: Council greenlights the use of net windfall profits to support Ukraine's self-defence and reconstruction', May 21<sup>st</sup> 2024.

18: Rachel Reeves, 'Talk on securonomics', Peterson Institute, May 24<sup>th</sup> 2023.

19: Ivan Krastev and Mark Leonard, 'The meaning of sovereignty: Ukrainian and European views of Russia's war on Ukraine', European Council on Foreign Relations, July 3<sup>rd</sup> 2024.

Crafting a common response to Trump's policies on trade and China is also likely to be harder than it was in his first term. First, UK-EU co-ordination will not be automatic, whereas during most of Trump's first term the UK was still a member of the EU (or in the transition period). Second, it is unclear whether the EU and the UK will be sufficiently united in wanting to push back against Trump's policies. Labour's first instinct will be to avoid picking fights with the US that it cannot win. Meanwhile, many EU member-states are likely to want to pursue a policy of sticking as close to Trump as possible. Some countries, like the Baltic States and Poland, feel intensely threatened by Russian aggression and are critically reliant on the US to deter an attack. They are very likely to be reticent to go along with economic measures that annoy Trump. Moreover, many

eastern member-states see limited costs in aligning with US policies towards China, given the importance of US security ties and the relatively low value of their trade with Beijing. For example, only 3 per cent of Poland's extra EU exports go to China.<sup>20</sup> In contrast to Germany, for example, which retains deep trade and business ties with China.<sup>21</sup> Other EU countries, such as Italy and Hungary, are led by right-wing populist leaders that sympathise with Trump and are unlikely to want confrontation with him. Conservative right-wing forces are also influential in the Dutch coalition government and in the likely next Belgian government. If a critical mass of member-states proves unwilling to confront Trump, it will be difficult for the EU to craft a coherent response to his trade policy.

## Trump 2 and UK-EU co-operation

Trump's policies will create pressure for the UK and its European partners to work more closely together. They will need to increase their support for Ukraine if they want it to avoid collapsing in the face of Russia's assault. But increasing support for Kyiv will not be easy, given the practical difficulties in increasing military production, the political difficulties in increasing defence budgets, and the time lag between the two.

*“Defence is likely to be the most contentious aspect of UK-EU security co-operation.”*

Strengthening foreign and security co-operation will be a priority on both sides of the Channel. One of the first priorities for the new Labour government will be forging closer defence relations with Germany and redoubling defence co-operation with France. A Trump victory would give further momentum to such efforts. Strengthening bilateral ties will be particularly important as some of the structures used to co-ordinate support for Ukraine, like the Ramstein group or the G7, may be less effective if the US no longer provides Ukraine with much support and could be unusable if the US stopped providing support altogether.<sup>22</sup> NATO's own ability to co-ordinate military assistance could also be limited if Trump proves uncooperative or opposes the plan. And the EU may well be too divided to channel further support to Ukraine, given the opposition from Hungary and potentially other member-states. As a result, most co-operation between the UK and its European partners in supporting Ukraine is likely to take place in small groups, such as the so-called 'capability coalitions' that European countries are using to provide Ukraine with specific types of military assistance, or the Czech ammunition initiative. The E3 grouping of

France, Germany and the UK would probably emerge as a key forum for political and diplomatic co-ordination, potentially with the addition of Poland.

A Trump victory will also lend additional momentum to the idea of a UK-EU security and defence pact, if that has not already been agreed by the time of the US election. A security pact would establish formal UK-EU links in foreign and security policy, and allow for discussion of security-related issues – perhaps including those that relate to economic security – in a framework that is free from the legacy of Brexit (unlike the UK-EU Trade and Co-operation Agreement). The main benefit of the pact would be to institutionalise EU-UK co-operation, so that dialogue could take place regularly and at both working-level and senior level.

Defence is likely to prove to be the most contentious aspect of UK-EU security co-operation. The EU is setting up a defence industrial ecosystem that precludes meaningful participation by non-associated third countries, including the UK – which is nonetheless closely integrated into the Europe-wide defence industrial base. As argued above, a Trump presidency could give greater momentum to the discussion relating to EU joint borrowing for defence and to EU defence initiatives more generally. Judging by the European Commission's proposals for a European Defence Industrial Programme, any new instruments are likely to follow the same logic as the EU's existing defence tools, and also be effectively closed to meaningful UK participation. If EU defence initiatives increase significantly in size in the next EU budget, that would put pressure on the UK government to reach an agreement with the EU for closer association in defence industrial policy. But persuading the EU to give the UK a special status will not be easy. To unlock

20: Eurostat, 'China-EU - international trade in goods statistics', February 2024 update.

21: Shahin Vallee, Sebastian de Quant and Sander Tordoir, 'Germany needs to take the EU's de-risking from China more seriously', *Internationale Politik Quarterly*, January 2024.

22: Ian Bond and Luigi Scazzieri, 'Working hand in hand? EU-UK co-operation in supporting Ukraine', CER/KAS policy brief, May 20<sup>th</sup> 2024.



full participation the UK would probably need to make a financial contribution to EU tools.<sup>23</sup>

When it comes to trade relations, a second Trump Presidency could facilitate closer UK-EU ties. Much of the Labour Party wants closer relations with the EU and if Trump embarks on a trade war with Europe, the resulting economic hit could give further impetus to Labour's attempts to improve economic ties with the EU, perhaps including a re-evaluation of its current red lines to allow for deeper integration into the single market. Such a

rethinking could be facilitated if Trump's presidency also makes the UK feel squeezed by the US and EU simultaneously. That could happen if the EU responds to US trade measures in a way that also has a negative impact on the UK – for example by setting up a sizeable 'European sovereignty' fund to support EU firms. Finally, strained relations with the US could also encourage the EU to be more creative in finding ways to allow for increased UK-EU economic integration, for instance by revisiting the question of partial single market integration in areas where this would be mutually beneficial.

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## Conclusions

Trump may never be president again. But if he is re-elected, transatlantic relations will enter a very turbulent period. A second Trump presidency is likely to be more disruptive than his first. Trump has reshaped the Republican Party in his image, and there would be fewer moderates to restrain him, while he will be more familiar with the machinery of government. At the same time, the global security environment is much more threatening than it was during Trump's first term, with Russia's war on Ukraine, conflict in the Middle East, and deepening tensions in the Taiwan strait. The EU itself is more fragmented, and it is likely to be more challenging for Europeans to maintain unity.

A Trump presidency would increase the pressure for closer alignment between the UK and its European allies. Both sides would need to be pragmatic to strengthen UK-EU co-operation in security and in trade. The UK and

its European partners would also need to be creative in finding new ways to work together, especially if there are deep divisions in NATO and the EU. Navigating a second Trump term would be very challenging: the UK and its European partners could not afford to be divided.

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<sup>23</sup>: Luigi Scazzieri, 'EU-UK co-operation in defence capabilities after the war in Ukraine', CER/KAS policy brief, June 9<sup>th</sup> 2023.