

Europe's evolving political, economic, and security landscape in Trump 2.0

Opening Remarks :

We are standing at a moment of deep transformation in transatlantic security—one that challenges old assumptions and forces us to confront new geopolitical realities. In recent months, President Trump—characteristically direct, often unorthodox—has followed through on threats many once dismissed as bluster. He has ordered his administration to pressure Ukraine into reaching a settlement with Russia. As part of that process, he demanded Ukraine sign a natural resources agreement as a form of "repayment" for U.S. military aid. And just as significantly, he has called on Europe to take the lead—by deploying its own military force to deter further Russian aggression. This is not just a sharp departure from past U.S. foreign policy—it signals a broader rupture in the transatlantic bond as we've known it.

Now, to understand how we respond, we must first understand what lies beneath this shift. Because while the tone may be Trump's, the trend predates him—and will likely outlast him. The U.S. pivot to the Indo-Pacific didn't begin with Trump. It started under President Obama, who announced the Asia rebalance in 2011. Trump, in his own way, picked up that baton. And under the Biden administration, the shift has only deepened. And now, under Trump 2.0 the pivot will become policy.

Now, while Trump's rhetoric is often erratic, his worldview is surprisingly consistent. He has held the same basic beliefs for decades—since the 1990s, in fact. He has always argued that the U.S. should wield overwhelming military strength. He has never trusted Russia—or America's allies. He believes wealthy nations should pay for their own protection. And above all, he fears nuclear war—but sees

U.S. deterrence as the key to avoiding it. He may lack tact. He may break protocol. But his principles? They haven't changed. And in their predictability lies an opportunity for Europe to anticipate, to prepare, and to act.

At its core, the Trump doctrine envisions a world in which the United States prioritises China—and expects Europe to handle its own neighborhood. Under this vision, America would continue to provide nuclear deterrence, as well as limited conventional support. But the bulk of ground operations, regional stabilisation, and front-line defense would fall to Europe.

Political Implications

Rise of Nationalist Populism

Trump's political influence has strengthened nationalist populist movements across Europe. Leaders like Marine Le Pen in France, who is positioning herself for the 2027 presidential election, have gained momentum. In Italy, Giorgia Meloni's government continues to mirror many of Trump's nationalist ideals, while in Hungary and Poland, leaders like Viktor Orbán and the Law and Justice Party have adopted hardline stances that align with Trump's worldview.

These political actors are using Trump's victory as validation for their policies, which is creating deeper divisions among EU member states. This fragmentation is challenging the bloc's ability to maintain a unified front on critical issues such as climate change, migration, and relations with global powers.

European Under Pressure

European leaders recognised early that a Trump victory would likely split the EU, with Trump potentially exploiting these divisions. The challenge of maintaining European unity has become paramount, requiring leaders to invest in convergent positions even when they don't perfectly align with individual national interests.

The EU is now engaged in difficult internal negotiations to establish common positions on how to respond to Trump's more radical policy implementations, including his approach to Ukraine, climate policy, and trade measures.

This strategic rebalancing reflects a new calculation in Washington: that the greatest threats to U.S. interests no longer come from the west, but from the east.

For nearly two decades, American leaders have urged European allies to invest more in their own security. The Wales Summit in 2014 gave us the 2 percent of GDP target—a standard many still haven't met. Trump's advisors are calling for a new target: 5 percent of GDP on defense spending, with at least 30 percent of that dedicated to new equipment. That's not just a stretch—it's more than what the U.S. itself spends.

And let's be honest—Europe is not prepared for this kind of leap. Germany, the continent's economic engine, is constrained by its constitutional debt brake. France is grappling with fiscal pressures of its own. And the United Kingdom is still navigating the uncertain waters of a post-Brexit economy. None of the major European powers are in a position to ramp up spending dramatically—certainly not without serious political trade-offs at home.

Economic Consequences

Trump's economic policies are having substantial impacts on European economies, creating both immediate challenges and forcing long-term strategic recalibrations. One of the most significant economic risks comes from Trump's trade policies. His proposed tariffs of 10-20% on all imports would have direct consequences for European exporters. Goldman Sachs has estimated that Trump's policies could reduce Europe's GDP by approximately 1%.

Defence Spending Pressures

The re-election of President Donald Trump has prompted a significant shift in Europe's defence and security posture. With the United States adopting a more isolationist stance and expressing scepticism towards NATO commitments, European nations are compelled to reassess their defence spending.

Strategic Autonomy and Increased Defence Spending

In response to diminishing U.S. engagement, European countries are markedly increasing their defence budgets. Germany, for instance, plans to exempt defence expenditures from its constitutional debt brake, aiming to allocate up to €500 billion (approximately **\$540 billion USD**) towards military and infrastructure projects. Similarly, the European Union has introduced the "ReArm Europe" initiative, seeking to mobilise approximately **\$870 billion USD approx.** for defence over the next four years.

Economic Implications of Defence Investments

This surge in defence spending is not solely about enhancing military capabilities; it also serves as a catalyst for economic revitalisation. Goldman Sachs projects that increasing defence spending from 1.8% to 2.4% of GDP by 2027 could positively

impact GDP growth, especially if investments focus on domestically produced equipment .

Challenges in Defence Coordination

Despite these initiatives, Europe faces challenges in coordinating defence efforts. The continent's fragmented approach to military procurement and production hampers efficiency and interoperability. Analysts advocate for a more unified European defence market to streamline processes and maximise the economic and strategic benefits of increased spending.

Security Landscape

The security dimension represents perhaps the most profound area of change under Trump's second term, forcing Europe to reconsider fundamental security arrangements that have been in place for decades.

NATO and Transatlantic Relations

Trump's skepticism toward NATO has raised serious questions about the future of the alliance. His cabinet picks, including individuals perceived as pro-Kremlin, have heightened European concerns about America's commitment to European security. With US attention pivoting more decisively toward the Indo-Pacific and China, NATO is becoming less central to American strategic thinking⁷.

Europe must also step up—not as a contingency plan in the event of wavering US engagement, but as a serious partner in its own right. If Europe wishes to be taken seriously, defence integration and capability development need to be fast-tracked, not discussed in endless summits.

Moreover, NATO must accept that the threats it faces are no longer confined to its eastern flank. Hybrid warfare, cyber attacks, and growing coordination between authoritarian regimes demand a global lens. That doesn't mean expansion for its own sake, but a smarter engagement with partners in the Indo-Pacific and a serious investment in resilience.

NATO Commitments: President Trump's renewed emphasis on an "America First" policy raises questions about the reliability of U.S. commitments to NATO. His previous criticisms of the alliance and demands for increased European defence spending suggest a potential recalibration of U.S. engagement in European security affairs.

Crucially, the growing uncertainty around U.S. commitments has exposed a long-standing imbalance in the transatlantic alliance. NATO has relied heavily on American military power since its inception; without credible contingency planning, Europe risks finding itself unprepared in the event of American disengagement.

European Strategic Autonomy: In response, Europe faces the imperative to enhance its own defence capabilities. This includes investing in military infrastructure, fostering greater integration within the EU's Common Security and Defence Policy, and exploring new security partnerships.

European defense initiatives are gaining new urgency, with increased cooperation on defense procurement, joint military capabilities, and strategic planning. While some progress has been made—such as increased national defence budgets, joint procurement initiatives, and regional security pacts—Europe still faces deep structural challenges. The continent's defence capabilities remain fragmented, and strategic cultures vary widely across member states. Achieving true strategic

autonomy will require not just financial investment, but also sustained political will and institutional reform.

More troubling still is the renewed debate in some quarters over nuclear deterrence. Countries that once felt protected under the U.S. nuclear umbrella are now questioning whether that shield can still be trusted. As a result, the spectre of nuclear proliferation looms larger, with some analysts warning that an expansion of the global nuclear club may become inevitable. Such a shift would not only destabilise the current arms control architecture but also amplify the risks of miscalculation and conflict.

Geopolitical Consequence

A key geopolitical consequence of Trump's approach is Europe's growing outreach to China, signalling a shift in strategic alignment as confidence in U.S. leadership wanes. Simultaneously, Russia and China may view the Trump administration as more accommodating of their regional ambitions, potentially accelerating moves against Taiwan, Ukraine, or other neighbouring states. Where NATO once projected unity in response to such threats, it now faces the risk of fragmentation, with its most powerful member (USA) increasingly disengaged and sympathetic to its rivals. This weakens collective deterrence and heightens the risk of instability across Europe's borders.