



Europe

Summary and Key Talking Points

Policy Proposals

1. Ensure that the North Atlantic Treaty Organization (NATO) remains focused on its core mission—mutual defense with the capabilities needed to deter Russian aggression against a member state.
2. Advance the U.S.–U.K. Special Relationship by negotiating a U.S.–U.K. free trade agreement.
3. Develop strong bilateral relationships with individual European countries instead of reflexively supporting the European Union.
4. Keep the U.S. pledge of \$1 billion for the Three Seas Investment Fund.

Quick Facts

1. In 2014, only three NATO members—Greece, the United Kingdom, and the United States—spent 2 percent of GDP on defense; in 2021, that number had grown to 11 countries.
2. Non-U.S. members of NATO added a cumulative total of \$350 billion to their defense budgets from 2014 to 2022.
3. The United States and the member states of the European Union account for approximately half of the global economy.

Power Phrases

Move Europe Away from Reliance on China and Russia

- For too long, European countries have depended on Russia for energy and looked to China economically, turning a blind eye to the repercussions of dependence. U.S. exports of liquified natural gas (LNG) are an important way to limit European dependence on Russia for energy.

Foster Strong European Relations

- The U.S. and the U.K. have long championed economic freedom and have the world's largest and fifth-largest economies, respectively. Their economies are closely intertwined, and each partner is the other's top foreign direct investor.
- U.S. military bases in Europe provide flexibility, resilience, and options for America in a dangerous world.
- The U.S. and Europe are by far each other's biggest source of foreign direct investment, which strengthens the U.S. economy and the American worker.

The Issue

Europe is vitally important to the United States economically, diplomatically, militarily, and politically. The continent has geographical proximity to some of the world's most dangerous and contested regions, bordering, or in close proximity to, Russia, the Arctic, Iran, Asia Minor, the Caspian Sea, and North Africa. China would clearly like to drive a wedge into the transatlantic relationship, thus weakening the U.S. while continuing to access Europe's market and technology in service of the aims of the Chinese Communist Party. Russia's ongoing brutal and unprovoked full-scale war against Ukraine directly affects the security interests of Europe as well as those of the United States. Europe and the U.S. face similar challenges moving forward: an aggressive Russia, the rise of an assertive and bellicose China, Islamist terrorism, and economic and social challenges compounded by decades of reckless spending and divisive social policies pursued by the left.

The U.S. and Europe share a strong commitment to the rule of law, human rights, free markets, and democracy. During the 20th century, millions of Americans fought for a free and secure Europe, and hundreds of thousands died for it. America's economic ties to the region are likewise important. A stable, secure, and economically viable Europe is in America's economic interest. For more than 70 years, the U.S. military presence has contributed to regional security and stability, and both Europeans and Americans have benefited economically. The United States and the member states of the European Union account for approximately half of the global economy, and the U.S. and EU member countries are generally each other's principal trading partners and primary sources of foreign direct investment, all of which benefits both the U.S. economy and, by extension, the American worker.

On January 31, 2020, the United Kingdom left the EU. Brexit has given rise to a host of opportunities for enhancing the U.S.–U.K. Special Relationship, one of which is negotiating and signing a free trade agreement. The U.S. and the U.K. have long championed economic freedom and have the world's largest and fifth-largest economies, respectively. Their economies are closely intertwined, and each partner is the other's top foreign direct investor. While an agreement that lowers tariffs would generate some gains, tariffs between the nations are already low; therefore, any agreement must also address non-tariff barriers to trade. Such an agreement would have the important added benefit of renewing the close cooperation between the two nations and reaffirming their shared commitment to economic freedom and national sovereignty. Trade negotiations advanced under the Trump Administration, but have stalled under President Joe Biden purportedly because of U.S. concerns over the fate of the Northern Ireland Protocol and the European Union's reaction to a potential U.S.–U.K. trade agreement.

The North Atlantic Treaty Organization (NATO) has been the foundation of European security for more than 70 years. Its founding mission was to protect the territorial integrity of its members and, if required, to defeat the Soviet Union. NATO members are no longer worried about the spread of communism, but many—especially given Russia's unprovoked second invasion of Ukraine—are worried about protecting their territory from Russian expansion. This makes NATO just as crucial to the maintenance of transatlantic security today as it was at the end of the Cold War. The United States benefits from a NATO that can deter aggression and defend the territorial integrity of its members.

As an intergovernmental security alliance, however, NATO is only as strong as its member states. After the end of the Cold War, many European nations cut defense spending, and the inevitable result has been a significant loss of capability. In 2006, NATO set a target for member states to spend 2 percent of gross domestic product (GDP) on defense. At the 2014 Wales Summit, member states recommitted to spending 2 percent of GDP on defense and 20 percent of their defense budgets on “major equipment” purchases, a commitment reaffirmed at the Vilnius Summit in 2023. NATO defense spending continues to trend upward with non-U.S. members adding a total of \$350 billion to their defense budgets from 2014 to 2022. Since Russia's February 2022 invasion of Ukraine, additional members have pledged and taken action to attain the NATO benchmarks. The three

largest economies in the EU—Germany, France, and Italy—however, continue to miss their 2 percent pledge, even during the Ukraine war, which raises questions about their commitment to the Alliance.

In addition to investing in necessary capabilities, NATO should establish a robust permanent force structure in its Eastern European member states to deter potential future Russian aggression against an Alliance member. Members across the Alliance should contribute to this force structure, and U.S. troops are a vital component. A permanent U.S. presence in Europe shows that the United States is willing and able to live up to its NATO treaty obligations, thus making it less likely that Russia will make a miscalculation. In addition, this proximity to global hot spots in the Middle East gives U.S. policymakers more options for responding to incidents in the region.

The ongoing war in Ukraine underscores the need for Europe to move away from its reliance on Russia and China (via, for instance, production of solar panels and wind turbines) for its energy needs. Europe has begun to re-evaluate such long-standing policies as the phaseout of nuclear power and the curtailed use of important sources of domestic fossil fuels due to the need for secure substitute energy supplies. U.S. exports of liquified natural gas (LNG) are an important component of future European energy security. The U.S. should expand its domestic production of LNG and its capacity to export it, just as Europe should expand its ability to import LNG, as rapidly as possible.

It is essential that the U.S. and Europe work together on addressing the challenge of China. The degree to which Europe is aligned with the U.S. on responding to China will go a long way toward determining the success of U.S. efforts. American policymakers would do well to shift Europe's views of China from an economic lens to one with a clear focus on the security repercussions of dependence. The U.S. will find little success in seeking to browbeat Europe into alignment. Rather, U.S. officials should consistently and resolutely argue that getting closer to China is not in Europe's long-term self-interest, and that dependence on China would be even more dangerous than dependence on Russia.

The Three Seas Initiative (3SI) launched in 2016 is useful in strengthening trade, infrastructure, energy, and political cooperation among countries bordering the Adriatic Sea, the Baltic Sea, and the Black Sea. It is a force multiplier that bolsters security in Europe and strengthens transatlantic trade ties by marrying private capital with some of Europe's most dynamic and growing economies while also helping to block Chinese and Russian efforts to make inroads in the region.

Recommendations

In order to help to maintain a secure European theater, the U.S. should:

Negotiate a Free Trade Agreement with the United Kingdom. An agreement creating a free trade area would be good for the economies of both the U.S. and the U.K. while serving as an example of the trade liberalization that both nations have long championed.

Remain Committed to America's NATO Treaty Obligations. NATO has served as the bedrock of transatlantic security for more than 70 years. If the European members meet their stated 2014 and 2023 pledges to invest in collective defense, it should be clear that the United States remains committed to NATO, including Article V of the North Atlantic Treaty, which states that an attack on one NATO member is considered an attack on all.

Ensure that NATO Remains Focused on Its Core Mission: Mutual Defense with the Capabilities Needed to Deter Russian Aggression Against a Member State. NATO does not have to be everywhere doing everything, but it does have to be capable of defending its members' territorial integrity. Everything else it does is secondary.

Push for NATO to Enable Deterrence by Denial in the Region. Russian atrocities in Ukraine underscore the necessity of moving NATO from a posture of deterrence by punishment to one of deterrence by denial. This change would mean that the Alliance has the capabilities, logistics, and plans in place to stop Russia from seizing territory in any NATO member state, thus deterring Russia from any future attempts to do so.

Focus on Developing Strong Bilateral Relationships with Individual European Countries Instead of Reflexively Supporting the European Union. The EU is a supranational, undemocratic organization that infringes on the national sovereignty of its members, wastes taxpayer money, distorts European immigration policies, and champions a radical leftist energy and social agenda. The U.S. should re-examine its unthinking support for the EU and focus instead on building and sustaining closer relations with individual European governments.

Refuse to Back Further European Union Defense Integration. Nothing would strain the transatlantic bond more—and undermine NATO faster—than EU defense integration. EU strategic autonomy in defense is a chimera, not a panacea. A robust U.S.-led NATO remains the only guarantor of transatlantic security. The U.S. should continue to focus on advancing a “NATO first” agenda that ensures American engagement and influence in European defense issues. NATO has been the cornerstone of transatlantic security for almost seven decades. It affords the U.S. a level of influence in the region that is commensurate with the number of troops, equipment, and funding the U.S. commits to Europe.

Keep the U.S. Pledge of \$1 Billion for the Three Seas Investment Fund. The U.S. under President Donald Trump pledged to match contributions to the Three Seas Investment Fund up to \$1 billion. The Biden Administration has slow-walked the initial U.S. contribution of \$300 million, with the U.S. International Development Finance Corporation and the fund only announcing a terms sheet in June 2022. The fund, which operates on a commercial basis, is a worthwhile investment for U.S. taxpayers as well as a positive, concrete example of U.S. determination to build linkages to the region, while simultaneously sending clear signals to private investors that the 3SI is worth considering.

Speak with a United Voice on Chinese and Russian Abuses. The U.S. and Europe must be clear, consistent, and timely in highlighting Chinese and Russian violations of human rights, including Russia’s indiscriminate brutality and targeting of civilians in Ukraine. The West’s moral standing rests on maintaining this unequivocal consistency rather than, for example, making exceptions to or watering down criticism to ease business dealings or—in the case of China—securing never-to-be-realized promises of climate change mitigation.

Enhance Investment Screening Mechanisms in Europe. Acquisitions by adversarial powers in European nations will affect the U.S. Examples abound, such as the acquisition of ports or airfields that are needed to reinforce European defense in the event of a major conflict; acquisitions of companies working on advanced technologies that would allow China to acquire valuable intellectual property instantly (leapfrogging) rather than producing it from scratch domestically; or simply the accumulation of acquisitions that give China greater political clout in a European country. The U.S. should encourage allies to adopt more stringent national investment screening mechanisms.

Encourage Allies to Leave China’s 14+1. While largely defunct, some European allies remain part of China’s 14+1 engagement format. The [14+1 initiative](#) is an attempt by China to expand its business and investment opportunities in Eastern and Central European nations. For economic, political, and security reasons, some countries, such as the Baltic states, have already withdrawn, and most others have downgraded their participation. Remaining participants should follow suit and abandon the initiative, thus signaling to China that its predatory lending practices and pernicious political influence are not welcome in their nations.

Facts + Figures

FACT: U.S. troops are in Europe first and foremost to protect U.S. national interests.

- U.S. forces are not based in Europe to allow Europeans to create an elaborate welfare state on the backs of American taxpayers.
- U.S. bases in Europe provide flexibility, resilience, and options for America's leaders in a dangerous world.
- The huge garrisons of American service personnel in Europe are no longer the fortresses of the Cold War; they are the forward operating bases of the 21st century.

FACT: European NATO allies do not spend enough on defense. While there have been some increases in recent years, more is needed from the EU's largest economies.

- In 2014, only three NATO members—Greece, the United Kingdom, and the United States—spent 2 percent of GDP on defense; in 2021, that number had grown to [11 countries](#).
- Non-U.S. members of NATO added a cumulative total of \$350 billion to their defense budgets from 2014 to 2022.

FACT: The U.S. and Europe are each other's principal trading partners and sources of foreign direct investment.

- Europe is by far the largest source of foreign direct investment in the U.S., with Europe's direct investment position in the U.S. totaling nearly \$3.4 trillion in 2022.
- More than 60 percent of total U.S. global investment is in Europe.
- European companies operating in the U.S. are directly responsible for 5 million American jobs, and U.S. companies operating in Europe are directly responsible for 4.8 million European jobs.

Resources

Dakota L. Wood, ed., [2023 Index of U.S. Military Strength](#) (Washington, DC: The Heritage Foundation, 2023).

Daniel Kochis, [China Is Determined to Push Its Way Into the Arctic](#), Heritage Foundation *Commentary*, August 11, 2023.

Ted R. Bromund and Daniel Kochis, [Ahead of 2023 NATO Summit, U.S. Policy in Europe Must Advance Prosperity and Security](#), Heritage Foundation *Issue Brief* No. 5323, July 7, 2023.

Daniel Kochis and Brent Sadler, [Why a New Black Sea Strategy Is in the U.S. Interest](#), Heritage Foundation *Issue Brief* No. 5318, June 28, 2023.

Ted R. Bromund, [President Biden's Visits to United Kingdom and Ireland Must Serve Prosperity and Peace](#), Heritage Foundation *Issue Brief* No. 5311, April 6, 2023.

Ted R. Bromund and Daniel Kochis, [The Top Five U.S. Priorities for European Policy After Russia's Invasion of Ukraine](#), Heritage Foundation *Issue Brief* No. 5258, April 7, 2022.

Daniel Kochis, Thomas W. Spoehr, Luke Coffey, and Patty-Jane Geller, [The Russian Threat: Bolstering NATO Deterrence at a Critical Time](#), Heritage Foundation *Issue Brief* No. 5252, March 14, 2022.

Daniel Kochis, [The Three Seas Initiative Is a Strategic Investment that Deserves the Biden Administration's Support](#), Heritage Foundation *Backgrounder* No. 6051, February 18, 2021.

Ted R. Bromund, [Why the U.K. Is an Ideal Free Trade Partner for the U.S.](#), Heritage Foundation *Issue Brief* No. 6035, December 11, 2020.