

The European Union as a Moderating Factor in the Strategic Competition between the United States and China

Challenges and Opportunities for the EU in the International Order



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CHAPTER 1

METHODOLOGICAL AND THEORETICAL ISSUES

1. Introduction

At a time when the competitiveness between the United States and China is under such great tension as it is today and following the recent inauguration of Donald Trump as president of the USA, this work studies the role that the European Union can play in what we consider a changing international order, from a strategic point of view, based on economic, technological, and defense factors. This question is one of the major issues today in European politics, as it will be key to determining the survival of the European way of life and its relevance in the international system.

Donald Trump's second candidacy for president of the U.S. has more than ever highlighted the possibility of a break in transatlantic relations, and while many advocate for an alignment of the European Union with China, this would perpetuate the history of an organization dependent on other powers. This work analyzes the challenges facing the European Union when addressing this situation and argues for the opportunity the organization has to position itself as a moderating factor and defend a multipolar system, a strategy that would fight for its autonomy and, if executed well, would highlight its relevance in the international order. This analysis is based on a review of several academic literature, as well as official political statements and policy reports, applying insights gained throughout my academic background in International Relations.

To this end, this study has a theoretical framework that outlines the differences between a unipolar, bipolar, and multipolar system, which will allow for an understanding of the changes and transformations we are experiencing today; as well as a definition of the concept of strategic autonomy applied to the European Union. The following is structured into two chapters. The first presents and analyzes the transformation of the international order as a contextualization and studies the relationships of the European Union with both the US and China from 2016 onwards, especially examining the strategic, cooperative, economic, and defense factors; starting with the first Trump Administration as it marked a turning point that highlighted the transformation of the system. The second chapter outlines the challenges facing the EU, aligned with the Draghi Report and focusing on innovation and productivity, defense

and economic security; and presents Canada as an example of an opportunity in the defense of multipolarity, focusing on these same points. The thesis of the study argues that the total abandonment of relations with the United States is not an option for the survival or autonomy of the European Union in the world order in the short-run, and insists on its possibility and opportunity as a moderating actor in a multipolar system.

2. Theoretical framework

In the field of International Relations, there are various differentiated currents and schools of thought that seek to define the international order, as well as the motivations and objectives of its actors. In the definition of the very structure of the global order, polarity is determined by the relevance of the actors in the system, understanding actors as only states, despite the influence that non-state actors may have. In this work, even though the European Union is not a state, we will consider it exceptionally as an actor equal to others, since due to its supranational character, in the international order its power is reflected as that of other States. Also, despite the extensive academic debate, this paper starts from the three most common possibilities of order in the international system: unipolar, bipolar, or multipolar.

The unipolar system, by definition, is one in which there is a single pole. Authors like Huntington argue that according to this definition, the existence of a major power and several minor powers does not correspond with a unipolar system, since in a unipolar system, the superpower must have the capacity to resolve international issues unilaterally, without the possibility of being stopped by other actors, thus unifying total power. Nevertheless, considering that in this study we will only work with the three definitions mentioned, we will consider this scenario as a unipolar scenario, since the description of American hegemony in recent decades has also been a scenario that does not fit a bipolar or multipolar description. Moreover, it is worth noting that unipolarity differs from imperialism, which implies order and internal control; and although hegemony involves the ability of the superpower to impose a specific system through norms and principles, what we will consider as unipolarity led by the United States presents multiple actors with diverse interests that, although conditioned by the leadership of the North American giant, are not necessarily compelled to adopt specific behaviors. (Sanahuja, 2008)

MASTER IN INTERNATIONAL AFFAIRS

The bipolar system, consequently, refers to one in which there are two poles. In the international order, this structure generates its respective "spheres of influence" corresponding to each superpower. A system with these characteristics is based on the tension between two opposing poles. There are those who advocate for the stability of this model, as a constant counterbalance is exercised; however, changes in these scenarios are hardly adaptable in the same way by both extremes, and peace based on tension is volatile. Therefore, this study assumes that bipolarity is unstable, and inevitably, the tension resolves in a transition towards another model, either unipolar or multipolar. (Sanahuja, 2008)

The multipolar system is one in which there are multiple poles, actors, who do not necessarily have the same power but play a relevant role in the international order. From the theory of regimes, a multipolar system will achieve order through the consensus of its actors; others defend the balance of power or mechanisms of collective security. The stability of the multipolar system is defended by the independence it grants to its actors, the deconcentration of power, and the ease of adaptation to change. In this matter, there is a debate about whether alliances disrupt this balance, hindering multiple interactions and creating limits, or whether they instead contribute to stability by maintaining the balance of power and the flexibility of the system. Rosecrance argues that the multipolar system increases conflicts even though it reduces their magnitude, since the greater the number of poles, the greater the unpredictability and interactions, of course. (Rosecrance, 1996)

On the other hand, the way we understand the functioning of States is key when interpreting the international system. Realism, one of the oldest schools of thought in International Relations, focuses on States as actors in the assumed anarchic international order and argues that their main objective is the pursuit of power, thus giving rise to competitiveness and conflict among nation-states. This school of thought claims that these actors are rational and always seek the national interest. Liberalism, on the other hand, advocates for international cooperation and working through institutions to mitigate the anarchy of the international system, especially defending International Law, trade, and economic interdependence; as well as democracy and the promotion of peace. Taking into account the contrast between the two foundational theories of International Relations, and inspired by Susan Strange's theory of structural power, which based power on four pillars (production, finance, knowledge, and security), this work studies the opportunity the EU has to defend a multipolar system, through cooperation, through

innovation and production, defense, economic security, and of course, strategic vision. (Deustua, 2005)

“Structural power is the ability to decide how the system is structured in which others must operate.” (Strange, 1988)

To this end, it is essential to define the concept of strategic autonomy, an element present in European policy for more than a decade, but especially on the rise in recent years. Although it was included for the first time in 2013, and referring to the defense industry, its meaning has evolved over time. When mentioning strategic autonomy, this paper refers to its most current definition, in which the strategic autonomy of the European Union refers to its ability to act independently of other countries in the global order, addressing multiple areas of strategic relevance, such as defense, but also the economy or technology. (European Parliament, 2022)

Finally, it is also important to define multilateralism, as it is one of the principles of the European Union's foreign policies. It is a form of decision-making, or model of international governance, based on consensus and negotiation among the parties. Theoretically, it is described as “a process of organising relations between groups of three or more states”. (Damen, 2022)

CHAPTER 2

THE INTERNATIONAL ORDER IN TRANSFORMATION: FROM UNIPOLARITY TO BIPOLAR STRATEGIC COMPETITION

The world order system we have witnessed in recent years is led by a clear US hegemony, following the Second World War and the Cold War. The formation of this unipolar system dictated by the US, especially after the fall of the Soviet Union, is based on the United Nations Charter and the Bretton Woods institutions (World Bank, International Monetary Fund and GATT/WTO), thanks to a clear position of economic and technological leadership, as well as in many other areas, which allow it to sustain this system. A system that took a clear stand against the spread of communism. However, within the academy of International Relations, many deny that this hegemony can be described as part of a unipolar system, since the US does not have the capacity to solve global problems without the cooperation of other powers, but neither does it fit into a multipolar system, since its power seems to be considerably different from that of the other powerful countries. Similarly, the question today is whether we are still living in the same system or whether China's growth in recent years has already brought about a change and, if so, what kind of system we are heading towards.

This paper starts from the premise that the current system, in which the US has historically been the hegemonic power, is in a state of transition due to the threat posed by China to the American giant. While the US seeks to achieve a unipolar system in which it retains all power, China appears to be the most direct competitor and it is theoretically in the interest of all of the other powers to break with US unipolarity and seek a multipolar system that can give each of them more power.

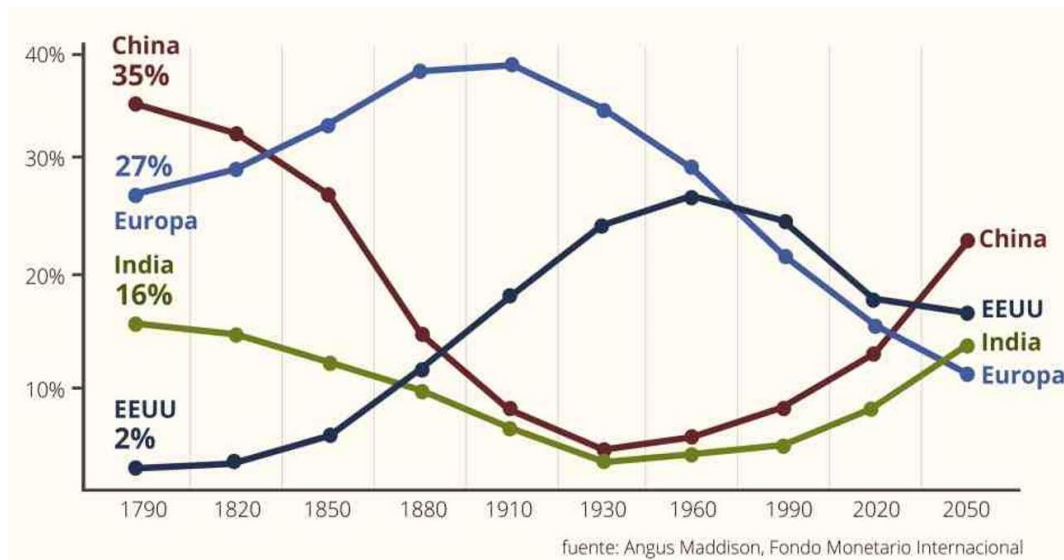
In shaping its post-Cold War hegemony, the United States sought not only power, but to fight communism and establish capitalist systems similar to and cooperative with the US. Thus, the Obama administration later spoke openly of shaping a 'multi-partner' order in which emerging states would be incorporated into the US-governed model. Thus, the US adopted a strategy of containment against China, allowing it export-led trade growth, while in other countries, the Bretton Woods institutions provided loans in exchange for liberal reforms. Even so, the US model does not seem to have been as economically positive as expected for countries in Latin America and Eastern Europe, which added to the anti-Americanism generated by some of its

actions, such as the war in Iraq and Afghanistan, and the remarkable growth of China, with its own model, has further shaken the American power. (Zhao, 2018)

While the US consolidated its power in the world through what might be called an expansionary policy, China strengthened itself through a closed policy. However, China has not overlooked those strategies that worked in the quest for power in the world order, and it and other emerging countries not only seek to increase their power, but certainly support an open world economy, as this facilitates access to trade, investment and technology. The so-called ‘Chinese Model’ or ‘Beijing Consensus’ that explains its rapid growth over the last 30 years has placed the country in a key strategic position, even challenging the US as an alternative and an example to the only system the West had to offer. Thus, China is trying to structure the system in which the rest of the actors operate and replace the one led by the United States, putting itself at the forefront of the world order. Therefore, in 2014, it co-founded the BRICS Bank, based in Shanghai, trying to reconfigure international finance guided by the IMF, as well as other international organizations such as the AIIB. (Zhao, 2018)

Just three decades ago China made up only 2% of the world economy, while the United States comprised 28%. It was in 1992 that China charted its course towards a ‘socialist market economy’ and initiated a series of privatisations, limiting direct government intervention in the economy. Since then, the Chinese Model retains its political stability through firm control of the government and its entire judicial and security system, as well as the military and the flow of information, while through more liberal economic policies it shows a greater openness of its economy to foreign and domestic investment, with a low tax and regulatory burden, which has allowed it to grow significantly. The graph in the next page shows how, since then, China's share of global GDP has grown steadily, while those of the US and Europe began a steady decline. (Zhao, 2010)

GRAPHIC 1: Comparison of GDP at constant prices and share of global GDP by major powers (percentage of global GDP)

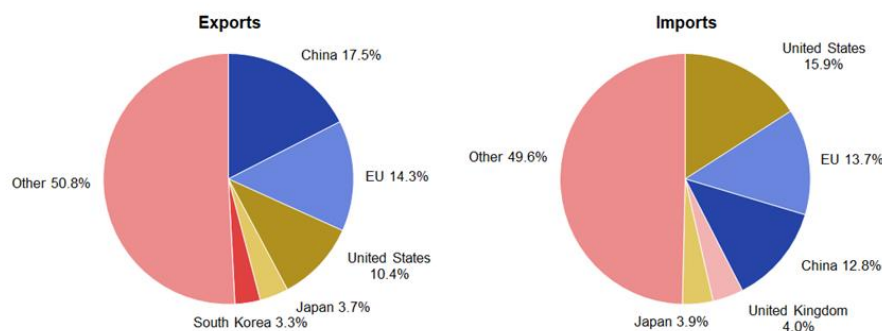


SOURCE: European Environment Agency (n.d.). Retrieved from <https://www.eea.europa.eu/>

We observe therefore that as a result, after its opening China has become the largest trader of goods in the world, highlighting as the largest exporter in 2023 (3.125 trillion euros), although followed by the European Union (2.557 trillion euros) and the United States (1.869 trillion euros); and also as the third largest importer (2.364 trillion euros), after these same competitors, the United States with 2.934 trillion euros and the EU with 2.523 trillion euros.

GRAPHIC 2: China among the world's largest traders of goods, 2023.

China among the world's largest traders of goods, 2023
(% share of world exports/imports)



Source: Eurostat (online data code: ext_it_introeu27_2020) and UNCTAD

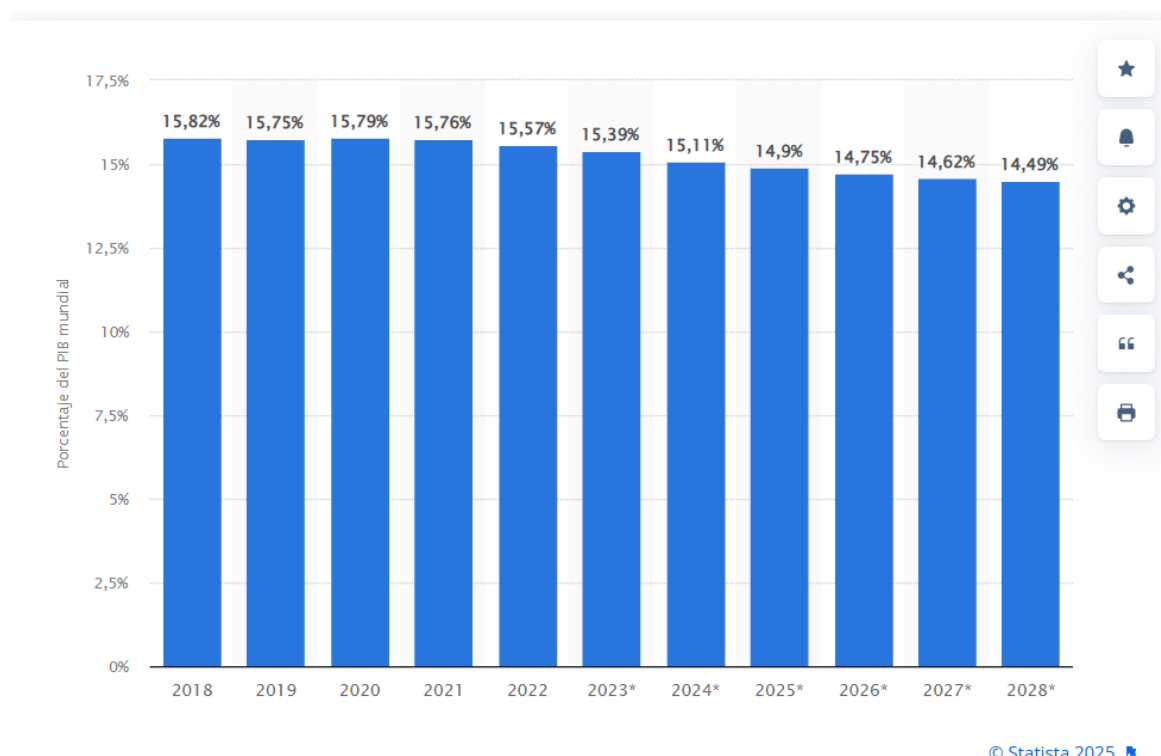
eurostat

SOURCE: Eurostat (2024)

The shift of productive and financial resources towards China is leading to the deindustrialisation of Western productive sectors and the decapitalisation of their financial and public systems. It is acquiring the public debt of many countries, including the United States, giving it great political and bargaining power. In addition, China is also appropriating food, energy and mineral resources by buying up the companies that control strategic raw materials in Africa and Latin America. It is estimated that by 2050 the Asia-Pacific region will account for 50 per cent of global production, while Europe and North America will produce only 15 per cent each. (Lázaro, 2017)

Even so, it should not be overlooked that China's economic growth has helped the United States, until 2013, when China matched it economically. Later, Donald Trump was notable, among many things, for being the first to call and treat China as a 'strategic competitor' in 2017. This relationship, which for a long time was mutually beneficial, cannot be broken off suddenly and without significant losses, as both actors are co-dependent, nevertheless, since those years the attitude of the American power has changed, and even Biden maintained the same attitude as Trump in this regard.

GRAPHIC 3: U.S. share of global gross domestic product (GDP) adjusted for purchasing power parity (PPP), 2018–2028.



SOURCE: Statista (2025)

Not only are its results attractive to developing countries, but China's own way of negotiating in IR is shown to be different from that of the West, 'without values'. While the US called for respect for human rights, liberal reforms, etc., China's diplomacy is guided solely by its own values. China's diplomacy is guided solely and exclusively by what is economically or strategically beneficial, without requirements or conditions; which is much more affordable and attractive to other countries. China has already provided economic aid and unconditional market access to Africa and much of Asia, which is a key strategic positioning in the global order. Thus, China covers the spaces that the US does not reach, expanding the Silk Road and satisfying these third actors financially. This issue directly confronts US policy and interests, thus breaking with the so-called 'peaceful rise'. (Zhao, 2010)

China has for years sought to keep its growth as a player in the international order as low-profile as possible, without investing heavily in its military capabilities, for example, to avoid being perceived as a threat. This quiet strategy seems to have paid off, as the United States was one of the major drivers of its growth. However, once the established global and regional order has been disrupted, China cannot afford to go unnoticed, so, as its political weight is not recognised within established institutions and relations, it is now trying to achieve more power in the institutions as well as proposing new scenarios that it can better dominate.

The "global centre of gravity" has shifted from developed to emerging economies, and the Pacific has replaced the Mediterranean as the main axis of trade. This implies, therefore, that the West's interest is no longer that of so many actors and that it no longer necessarily dictates the direction of the world. Federico Aznar Fernández Montesinos (2025) calls this scenario an 'unbalanced multipolarity'. As we can deduce, like the classic concept of multipolarity, this does not imply a peaceful or stable order, but precisely the rise in power of certain actors affects established alliances and relations and can significantly alter geopolitical balances and provoke risks.

Nonetheless, while China may surpass the US in economic terms, many question whether it compares in military, political or cultural power. The current confrontation is hugely shaped by technology, as this capacity for innovation enables the paradigm shift and could determine an orderly break-up. China's approach is simple: follow in the footsteps of the United States during the Cold War. During the well-known space race, the US used technological advances as symbols of power, accompanied by the promotion of multinational companies, thus

positioning itself as a leader in technology, but also in industry and certain services. Learning from history, China, through military and space programmes, improves its technology with the aim of achieving a supremacy that not only increases its economic capacity, but also improves its image in the eyes of the rest of the world. It combines civilian and military technological development and favours the creation of technological multinationals. Artificial Intelligence seems to be the key to a new revolution that will have far-reaching consequences. Faced with this growing level of confrontation, the reaction of the international powers is protectionism, both economic and technological, and it seems that the world has repented of globalisation. Despite this, the level of global interdependence is so high that it seems difficult for these measures to act as a restraint. (Kai, 2016)

In a somewhat belated US reaction to China's strategy, the White House changed its attitude towards the adversary, seeking to halt its rise, which is why we have seen threats, trade wars and the search for allies in order to disrupt supply chains. Nevertheless, given this situation, it seems obvious that China's goal is to gain as much power as possible and achieve hegemony, but given the complexity of our times there are several factors to take into account. First, China has so far been a power that has sought to avoid direct conflict with other powers. Second, the fall of the US should not be taken for granted, as it is still one of the world's major powers and its new presidency is particularly unpredictable. Moreover, it is worth noting that both China and the US are co-dependent powers, especially in terms of trade and foreign investment, so it does not seem that this balance of power could end with either, as it would mean a loss of its own. China, while appearing to propose a new model in IR, participates in the US-led system by joining multiple US-led international institutions. In line with this idea, it is difficult to think of China achieving hegemony and establishing a unipolar system without the international order first passing through a clear bipolar or multipolar system. For this reason, in this essay we speak of a transitional state. (Johnston, 2003)

Power transition theories argue that changes in the international order are due to the rise and fall of great powers, so that it is American power that underpins the liberal international order in which we live. Even so, other scholars such as Susan Strange argue that the infrastructure proves to be durable, especially after the incorporation of emerging countries, and that therefore a change in hegemonic power will not necessarily change the international order in which we live. (Ikenberry, 2018)

Nevertheless, speaking in terms of ‘multi-polarity’, ‘bi-polarity’ and ‘uni-polarity’, according to IR theory, it is in the interests of all of the other states to break with ‘US unipolarity’, because this would give them more power and through rules and institutions they are guaranteed some protection and equal treatment; but what is the situation in practice? According to Ikenberry, this crisis opens a window for non-Western developing countries seeking to reform or integrate more intensively into the international order. Then, what is the scenario for the EU?

First and foremost, we must consider what each actor in the international system seeks to achieve. The United States is evidently striving to recover and secure its hegemonic position in the international order, which means it will aim to make things particularly difficult for China—despite their interdependent relationship—and very likely for any ally of the Asian giant. China, on the other hand, is pursuing influence and control beyond its borders, both in economic and geopolitical terms—forms of power that can and do challenge the hegemonic dominance of the United States. Meanwhile, institutional power remains, for the time being, in the hands of the West, as it was the West that originally set the rules of the game. This is a particularly relevant factor for the European Union due to its similarities with the US and its role as a defender of human rights and a legislative benchmark. However, China is also offering an alternative through the Beijing Consensus or Chinese model, an appealing prospect that presents the European Union, as well as many other actors, with a new and opposing alliance—one that, as previously mentioned, is “without values”. This alliance-driven strategy is clearly aimed at dismantling US unipolarity, promising greater power to other nations and paving the way for a transition towards a multipolar or bipolar system, which, in the long run, could ultimately lead to a Chinese unipolar order. Amidst this growing tension between the US and China, the European Union’s fundamental objective is to maintain and, if possible, strengthen its position in the international order, preserving its competitiveness and, for this reason, striving for strategic autonomy to uphold peace within this balance. (Ikenberry, 2018)

1. The European Union and the United States (2016–2024): Transatlantic Cooperation in a Changing Geopolitical Context

The EU has been a major beneficiary throughout history of US hegemony, through security alliances (given that many NATO members belong to the EU), market relations, institutions, agreements, democratic solidarity and geopolitical alignments. The two powers share similar values regarding democracy, human rights, the rule of law, economic and political freedom,

which often leads to common interests; so the West has long defined itself as a culture. Even so, NATO is the only organisation that brings them together and defines a shared technology and strategy, led notably by the US. Thus, relations between the US and the EU run deep, and the support or abandonment of the American giant, as well as the strategic decisions of the European organisation, can greatly modify its own functional system. Despite this Western affinity throughout history, there are multiple factors that show the complex situation in which the EU finds itself in a balance between the US and China. (Ikenberry, 2018)

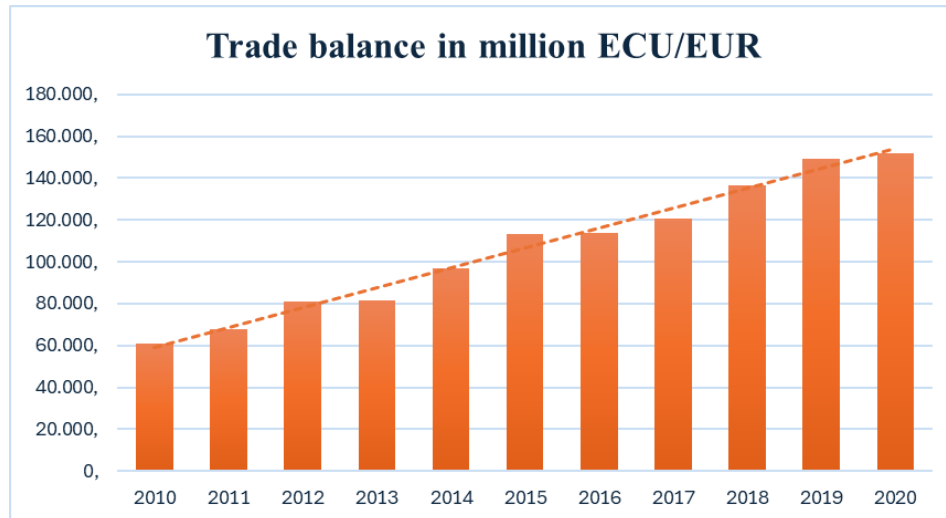
1.1 The Trump Administration, 2016-2020

It was in 2016, with the election of Donald Trump as US president, that most of the EU became more clearly aware of the possible abandonment of what had been its faithful ally, especially in terms of similar values, in recent decades. Nonetheless, even under the previous Obama administration, and even under George W. Bush, a certain distancing had been observed on the part of the giant, which was accused on several occasions of turning its back on its allies. With the new administration in 2016, the evidence was undeniable after various criticisms and statements undermining transatlantic relations (Trump called NATO obsolete, expressed his indifference to the European integration process, etc.). ‘Make America Great Again’ was not to be limited to the election campaign, Donald Trump initiated protectionist and isolationist policies, which awakened the EU from its apparent blind trust. (Kanat, 2018)

We must understand that it is in the interests of the United States, in its quasi-hegemonic position, to weaken the European Union and at the same time strengthen the dependence of its member countries on the United States. It is more favourable for the country to negotiate bilaterally with the countries of the Union, one by one, than with the whole, as the latter is more competitive (strengthened economy, greater resources, alliances, etc.) and the lack of union weakens the actors. This logic is applicable to the rest of international organisations and alliances, which is why Trump is trying to disassociate the country from multilateralism in order to preserve its hegemonic power in the international order. This question is fundamental to understanding that despite the close relationship between the EU and the US, the European Union has never ceased to be a commercial and economic competitor. The US trade deficit with the EU has been on a steadily increasing trend for years. The US is the EU's main partner in international trade in services and both economies are of significant importance to the world economy. Since Germany was Europe's largest exporter to the United States, it is logical that

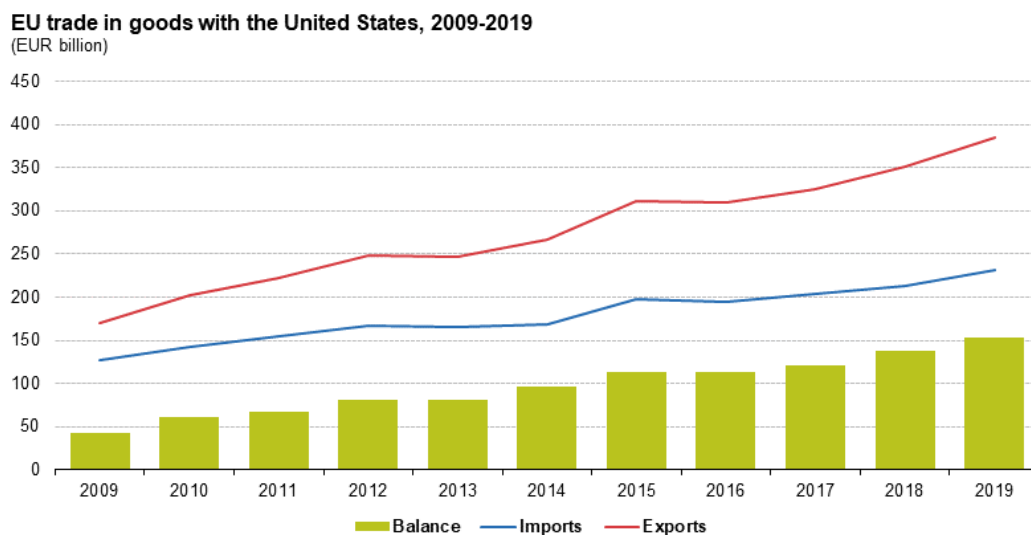
it became Trump's main target, followed by Ireland and Italy. Only four of the then 28 member countries had a deficit vis-à-vis the US. (García Coso, 2024)

GRAPHIC 4: Trade balance in million ECU/EUR.



SOURCE: Own elaboration with data from Eurostat (2024).

GRAPHIC 5: EU trade in goods with the United States, 2009-2019



Source: Eurostat (online data code: ext_st_eu27_2019stic and DS-018995)

eurostat 

SOURCE: Eurostat (online data code: ext_st_eu27_2019stic and DS-018995)

So, Trump, as a businessman, insisted heavily on fighting against trade advantages to the European Union, especially concerned about Germany. Thus, during his first administration,

the slogan ‘America First’ left no ally indifferent, as he renegotiated traditional trade channels with a focus on a notably protectionist policy. He was particularly hard on the EU, withdrawing from negotiations on the Transatlantic Trade and Investment Partnership (TTIP) after the lack of agreement on steel and aluminium. Faced with this unsuccessful treaty, which sought to establish a free trade agreement between the two economies, Trump invoked Section 232 ‘national security’ of the 1962 Trade Expansion Act to trigger measures such as tariffs, tariffs on European products, the imposition of anti-dumping duties and countervailing measures against Spanish olives, as well as continued trade threats. In order to reduce the trade deficit with the EU and protect US industry, this policy fuelled trade tensions between the two sides, and the EU responded by opening a case against the American giant at the World Trade Organisation (WTO). However, despite the tensions towards the end of the first Trump administration, the trade deficit continued to grow. (García Coso, 2024)

Nevertheless, the pre-war tone of some of the measures announced by Trump, along with the openly hostile and aggressive nature of others, led to an effort to reach a certain *entente* with the Trump Administration. Thus, on July 25, 2018, the then-President of the European Commission, Juncker, met with Trump to seek a consensus negotiation aimed at reducing trade tensions, resulting in a Joint Declaration. This meeting, on the other hand, validated Trump’s strategy, demonstrating that the use of threats or sanctions can be an effective tactic to bring the opposing party to the table for a renegotiation of the foundations of trade relations. These negotiations led to the European Union increasing its imports of U.S. liquefied natural gas (LNG) as well as soybeans. It was also agreed that the United States could export a limited quantity of hormone-free beef to the EU without having to pay import taxes (a duty-free tariff quota). Both parties committed to addressing market distortions caused by unfair practices and to making progress in subsidy regulations, as well as preventing forced technology transfers, with China being seen as the main threat. An agreement was reached in the pharmaceutical industry, which would later play a significant role in the search for a COVID-19 vaccine. However, the tariffs imposed on European steel and aluminium were not lifted, and the European Union continued to maintain a positive trade and economic balance with the United States. (García Coso, 2024)

So, we see Trump's clear interpretation of the EU as a threat rather than an ally, with the first Trump administration setting aside the liberal and democratic principles that forged

transatlantic relations and evidence of an abandonment of the values, already worn out during the Obama administration, that had characterised the beginnings of US hegemony.

Despite the conflict of interest so evident between 2016 and 2020, the EU and the US had and have the most integrated economic relationship in the world, despite being overtaken by China in terms of trade in goods. Thus, the quality of transatlantic relations is of great importance to the global economy, accounting for a third of world trade and about a third of global GDP, and being key trading partners for many other countries, supporting millions of jobs around the world. (European Commission, 2024) The exit from the Trans-Pacific Partnership (TPP) was not limited to a purely economic strategy; Donald Trump sought to break with multilateralism, as we have already mentioned. ‘It is the intention of my Administration to deal directly with individual countries on a one-on-one (or bilateral) basis in negotiating future trade deals.’, he claimed in 2017. (U.S. Department of State, 2021) This departure continued with his withdrawal from the Paris Climate Accord as well as from the Iranian Nuclear Deal (JCPOA), an approach that would be imitated by some of his allies, creating further damage to international cooperation. The president also hindered WTO reform negotiations and withdrew from the UN Human Rights Council and UNESCO. We therefore observe a US abandonment of not only economic, but also strategic policy in this relationship. (García Coso, 2024)

In the area of security and defence D. Trump was particularly blunt and critical, threatening not to respect the principle of collective defence, which according to NATO's Article 5 states:

“The Parties agree that an armed attack against one or more of them in Europe or North America shall be considered an attack against them all and consequently they agree that, if such an armed attack occurs, each of them, in exercise of the right of individual or collective self-defence recognized by Article 51 of the Charter of the United Nations, will assist the Party or Parties so attacked by taking forthwith, individually and in concert with the other Parties, such action as it deems necessary, including the use of armed force, to restore and maintain the security of the North Atlantic area.

Any such armed attack and all measures taken as a result thereof shall immediately be reported to the Security Council. Such measures shall be terminated when the Security Council has taken the measures necessary to restore and maintain international peace and security.” (NATO, n.d.)

In addition, the president also called for greater contributions to the Alliance from member states, a demand that dates back to several US administrations. It is true that for decades NATO had relied primarily on US resources to secure Europe, but we should understand that when Trump wants Europe to invest more in defence, he means investing in the United States. The historical relationship between NATO and the European Union in terms of defence policy has been marked by dependence, with many EU member states also being NATO members. We should not forget that the United States, the biggest force within the Transatlantic Alliance, will always prefer a weak and dependent European Union, as this is to its advantage in negotiations and in the international order.

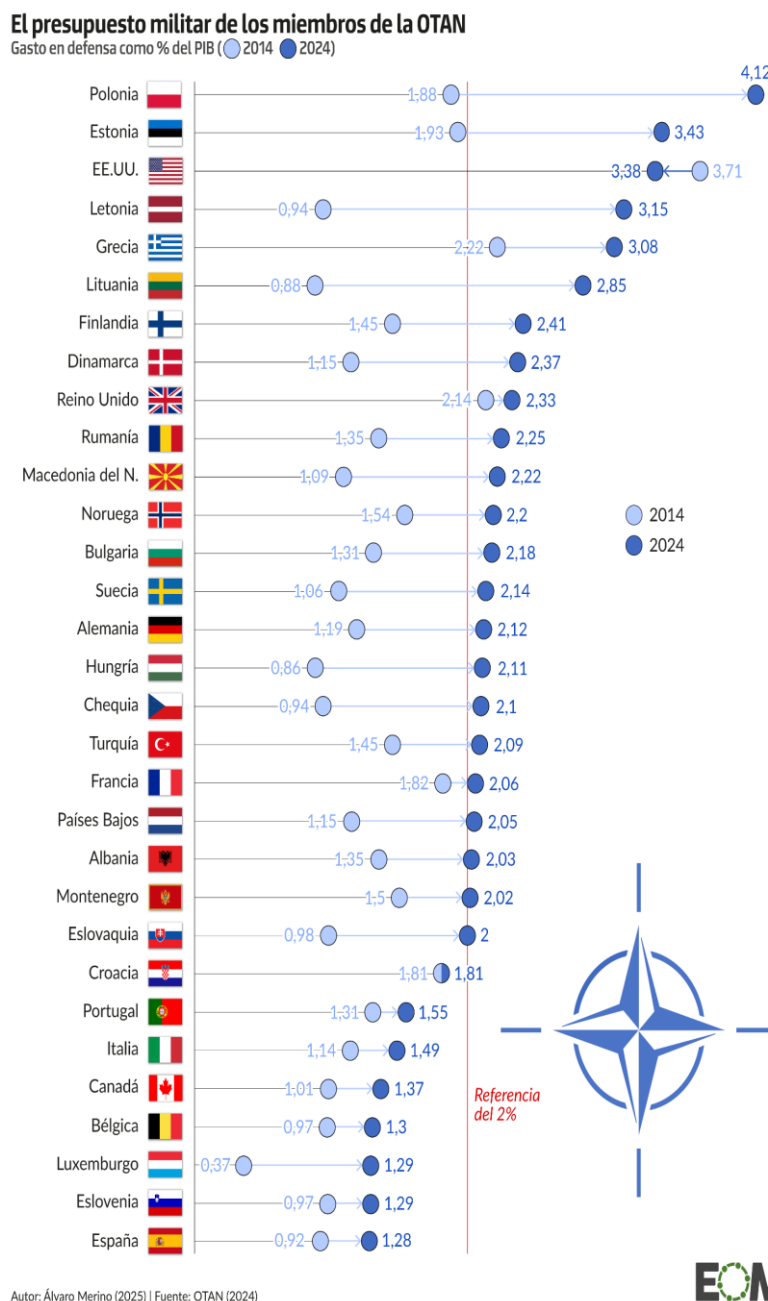
This dependence on strategic issues goes back a long way, as although both the Alliance and the European Union were born in very close proximity to each other in 1994 NATO Summit in Brussels, both organisations were at a key developmental moment in which while Europeans saw an opportunity to use NATO as an accelerator for the Western European Union (WEU), it was in the US interest to avoid European autonomy. Thus, while the European Security and Defence Identity (ESDI) was introduced for the development of European capabilities within NATO, it was also stated that the development of the WEU should avoid ‘unnecessary duplication’ with NATO, so that any European intervention would be exposed to the US veto. European defence thus became dependent on NATO. The Brussels NATO Summit was the key moment when US hegemony was reflected in the relationship between the two organisations, although it did not stop Europe's ambition to achieve a defence policy of its own. (Blesa Aledo, 2003)

Despite the progress, the European defence industry is still at a clear disadvantage compared to the US, especially after the huge investments in US defence that followed the 9/11 attack in 2001. As a result, the EU's progress is still far from achieving strategic autonomy, and defence policy continues to depend on NATO to meet international challenges. (Arteaga, 2017)

Precisely because the long-term goals of the US and the EU appear to differ markedly, tensions in that relationship are becoming increasingly noticeable. The sharing of NATO's defence budget is a long-standing problem, but one that is increasingly weighing heavily on US leaders, who are asking their European partners to increase their defence budgets. Strategic autonomy, of course, requires an additional budgetary effort on top of the money that comes from national budgets and EU pooled funds. While NATO members are gradually meeting the target of 2

percent of GDP for military spending, the European Union does not set a specific spending target for the defence of its member states, but it does encourage investment through the European Defence Fund and Permanent Structured Cooperation. The following picture shows the fulfilment of European commitments to NATO with respect to the military budget. Moreover, there seems to be a clear difference in approach to international crises, especially after the EU's criticism of the US invasion of Iraq. (Arteaga, 2017)

GRAPHIC 6: The military budget of NATO members



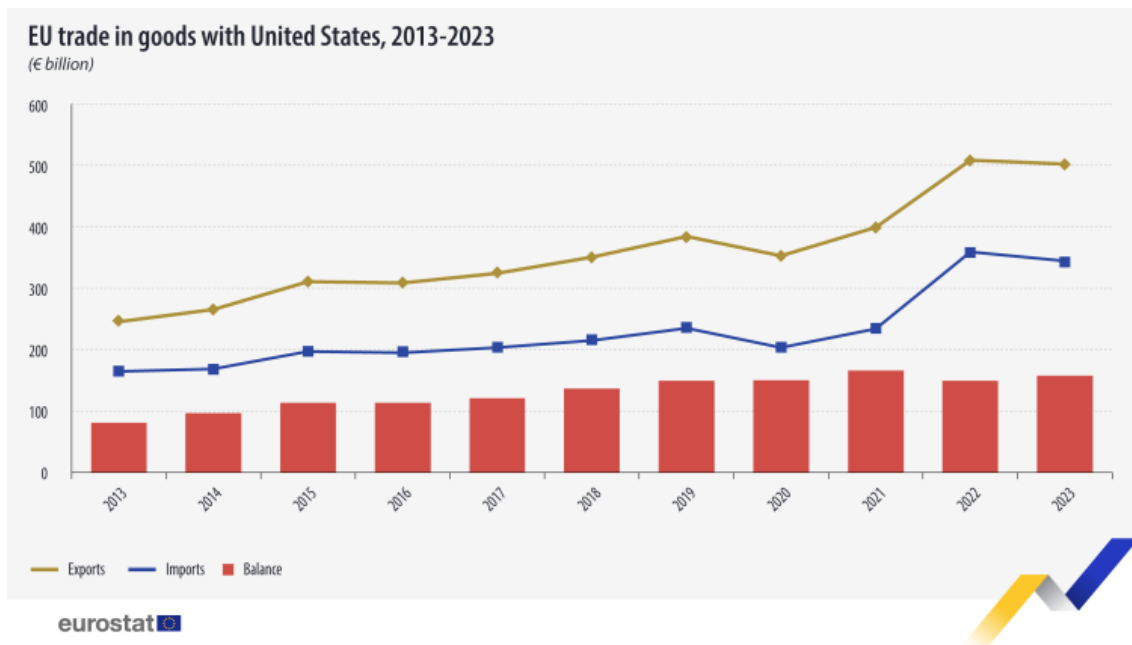
SOURCE: El Orden Mundial (2024)

In conclusion, Trump's first administration, from 2016 to 2020, alerted the European Union to the fragility of transatlantic relations. At the end of his candidacy, Donald Trump did not hesitate to run again, but it was Joe Biden who won the US presidential election on 7 November 2020. Our charismatic Donald Trump refused to recognise the victory and encouraged his supporters to what on 6 January 2021 would result in the storming of the Capitol, seeking to prevent the official certification of his opponent's victory. This rebellion resulted in the deaths of 5 people, dozens of injuries, hundreds of arrests and convictions, as well as a second impeachment trial against the former president. This issue is a clear example once again of Donald Trump's lack of alignment with democratic values, and not only that, but of the kind of responses he promotes in the face of situations that are not to his liking.

1.2 The Biden Administration, 2020-2024

From 2021 onwards, the Biden administration sought to redirect transatlantic relations and initiated multiple cooperatives. First, the EU and the US agreed on the temporary removal of Donald Trump's Article 232 tariffs and established a quota system for European steel and aluminium that sought to decarbonise these industries. Through the Trade and Technology Council, they developed common approaches to tax fairness and market distortions in order to protect critical technologies (artificial intelligence, online platforms, technology companies, data flows). In 2022, negotiations on critical minerals were launched seeking to harmonise activity in supply chains, manufacturing and innovation under the US Inflation Reduction Act. In 2023 the Clean Energy Dialogue was launched to coordinate incentive programmes and at the EU-US Summit in October both sides not only acknowledged the progress made, but also stated their intention to continue along these lines. (European Parliament, 2024) Thus, in 2023 the US remained the largest partner for EU goods exports (19.7%) and the second largest partner for EU goods imports (13.7%). (Eurostat, 2024)

GRAPHIC 7: EU trade in goods with United States, 2013-2023

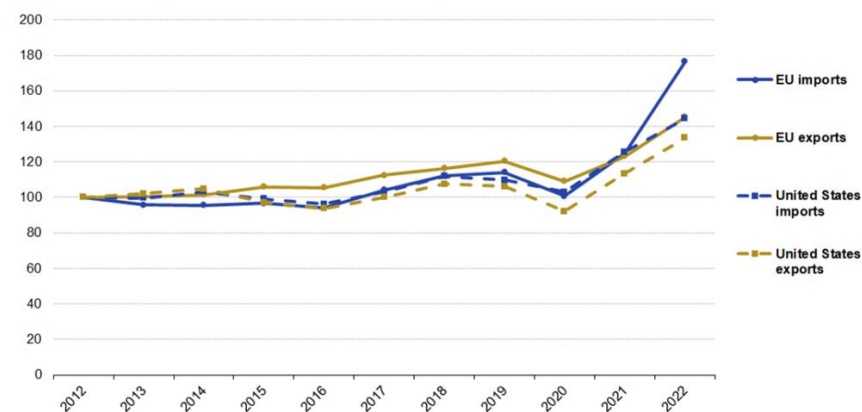


SOURCE: Eurostat (2024)

Especially between 2022 and 2023, exports and imports between the two actors increased considerably. It should be noted that following Russia's invasion of Ukraine and the resulting sanctions by the European Union, the United States replaced Russia as a supplier of oil and natural gas, making them the most imported goods from the United States. (Eurostat, 2024)

GRAPHIC 8: Trade in goods of the EU and the United States, 2012-2022

Trade in goods of the EU and the United States, 2012-2022
(exports and imports indexed at 100 in 2012)



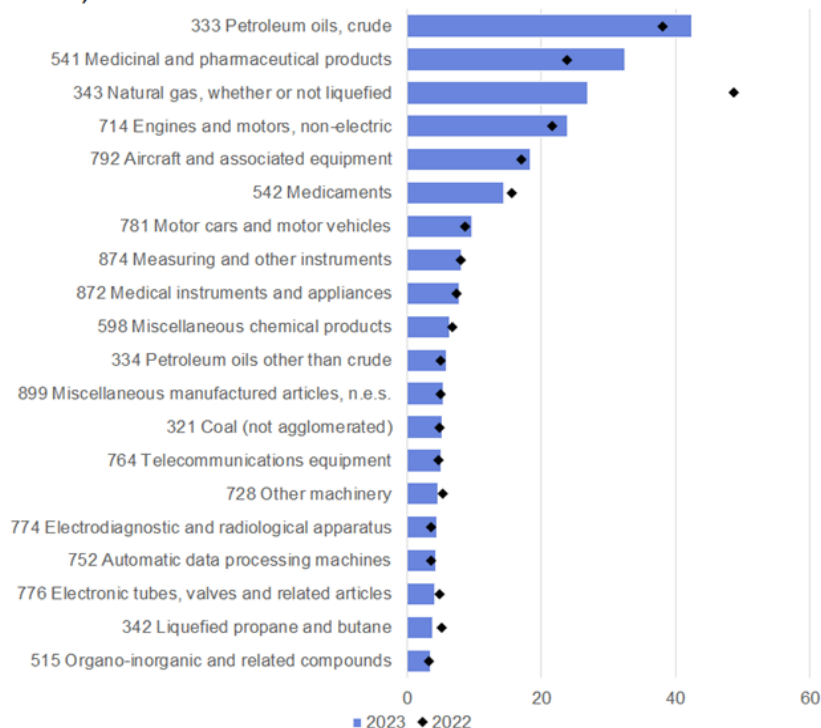
Notes:

- While the trade balance provides information on the absolute value of trading positions, the cover ratio provides a relative measure that is based on the ratio (expressed in percentage terms) between the value of exports and the value of imports; if exports are higher than imports then the cover ratio will be above 100.

- Exports and imports are indexed at 100 in 2012

Source: Eurostat (online data code: ext_it_introeu27_2020) and UNCTAD

SOURCE: Eurostat (2024)

GRAPHIC 9: EU most imported goods in the United States, 2023**EU most imported goods from the United States, 2023**
(€ billion)

Source: Eurostat (online data code: DS-059331)

eurostat

SOURCE: Eurostat (2024)

This improvement in transatlantic relations did not prevent the EU from continuing to run a trade surplus towards the end of the Biden administration, keeping the same European countries in the lead. Only seven of the 27 countries had trade deficits with the US.

GRAPHIC 10: Trade balance in million ECU/EUR.

	2023
Total bilateral trade in goods	€851 billion
EU exports	€503 billion of goods
EU imports	€347 billion
Goods trade surplus	€156 billion for the EU

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	EU-US					
	€ billion	2023				
	Total bilateral trade in goods	851				
	EU exports	503				
	EU imports	347				
Result:	Goods trade surplus for the EU	156				
	Total bilateral trade in services	688				
	EU exports	292				
	EU imports	396				
Result:	Services trade deficit for the EU	104				
	Aggregate balance of trade in goods and services	52	=	3% of the total trade between the EU and US		

SOURCE: Own elaboration with data from Eurostat (2024).

GRAPHIC 11: EU trade balance of goods with the United States, 2023.

EU trade balance of goods with the United States, 2023 (€ million)

	€ million
Germany	85 800
Italy	42 093
Ireland	31 098
Sweden	10 062
Austria	9 678
Finland	5 626
Denmark	4 695
Slovakia	4 215
Portugal	2 983
Hungary	2 308
Czechia	1 870
Romania	775
Greece	614
Poland	593
Slovenia	574
Bulgaria	519
Latvia	269
France	236
Estonia	218
Cyprus	1
Malta	-98
Luxembourg	-163
Croatia	-481
Lithuania	-991
Belgium	-4 204
Spain	-5 705
Netherlands	-34 692

Source: Eurostat (online data code: DS-059331)



SOURCE: Own elaboration with data from Eurostat (2024)

A good example of Biden's improving transatlantic relations and intentions towards the European Union is the Transatlantic Legislators' Dialogue that took place in Brussels on 5 April 2024. This event brought together members of the European Parliament as well as the U.S. House of Representatives. The joint declaration that emerged from this meeting speaks of the duty to join forces in the face of geopolitical changes, the need for mutual trust and joint leadership. It shows a commitment to democracy, fundamental rights and freedoms, the rule of law, and international law... a recovery of the values for which the United States had stood for

so much. It calls for cooperation and multilateralism, in economic as well as security and technological terms, in order to seek growth and stability. Support is also shown for the US-EU Energy Council and clean energy technology. Furthermore, both parties reaffirm their support for Ukraine in the face of the war with Russia, a power that they clearly call an aggressor and reiterate its violations of international humanitarian law, while also pointing out the actors that have provided it with support (North Korea, Iran, China, etc.). The declaration stresses the importance and success of NATO, insisting on its preservation and reinforcement. (European Parliament, 2024)

“The U.S. and E.U. common values are worth defending for the future of our free, democratic, and prosperous societies as well as for that of many like-minded countries. Together we are strong.” (European Parliament, 2024)

1.3 The Trump Administration 2.0, 2024 onwards

We therefore observe a clear antithesis between Biden and Trump, which means instability in the White House guidelines, jumping from one extreme to the other every four years. Joe Biden's term of office was due to end that same year, in 2024, with these declarations of such good intentions regarding transatlantic relations. However, on 5 November of the same year, Donald Trump was elected president of the United States, despite several open legal cases.

From his inauguration on 20 January 2025 to the date of this paper we have already witnessed major events on his part that, once again, shake transatlantic relations. On his first day in office Donald Trump withdrew the United States from the World Health Organisation, accusing the organisation not only of a dependence on US funding, but of mismanagement of the COVID-19 pandemic in 2020. In February the president terminated the US Agency for International Development (USAID) and the Munich Security Conference further exposed the rift between the US and the European Union. Moreover, the president has repeatedly shown great contempt for European leaders, even threatening to occupy Greenland (Danish territory) as well as trade wars.

On the Russian invasion of Ukraine, unlike Biden, D. Trump has gone so far as to claim that Ukraine was the aggressor, called Zelensky a dictator and also made false statements about European aid to the country. Although he has retracted some of these statements, this does not

diminish the importance of the issue as it threatens multiple actors, but also, as with all fake news, it generates damage in society that is not solved by the subsequent withdrawal of the statements, as the message permeates the listeners and not all of them get to hear the truth. Not only that, but he met with Putin in order to resolve the situation, without inviting either Ukraine or the European Union to the negotiating table. In addition, on the last day of February, Friday 28, the US president received Zelensky in the White House Oval Office in Washington to sign a rare earth minerals deal, a tense and grotesque meeting from which Trump ended by expelling the Ukrainians and telling them they were not welcome. The following Monday, 3 March, Trump withdrew US support for Ukraine, to which Zelensky responded with a humble message claiming to be willing to work 'under President Trump's strong leadership', which softened the American's rhetoric. This shows a clear Trump strategy in which he threatens his opponent with a worst-case scenario in order to profit from fear. The truth is that Trump is a particularly performative president as well as unpredictable, which really generates a lot of uncertainty, as he is difficult to read. He works very much from the threat to frighten those who depend on the US to achieve his goals. (Bianco & Gramer, 2025)

Among his alarming statements, Donald Trump has also gone so far as to say that the 'EU was created to screw the US'. Nevertheless, the president's unpredictability does not end here, as many of these serious statements and gestures have been contradicted shortly afterwards, denying having called Zelensky a dictator, supporting his own commitment to NATO's art. 5, showing a very good attitude towards certain European leaders... This breaks with all known models of diplomacy, generates enormous damage also to transatlantic relations, and breaks all trust, as well as making it difficult to design common strategies. In just his first three months in office it has become clearer than ever, in case anyone had any doubts, not only that transatlantic relations will not be as friendly and cooperative as they have been in the past, but also that the United States will certainly not be, at least during this presidency, the defender of the values it has championed for decades. This shock has generated disruption within the European Union and we observe how each country approaches the situation and the attitude towards the American giant in a different way.

With the case of the war in Ukraine, the apparent alignment of the US with the Kremlin has significantly increased the concern of the Europeans, who met urgently after Trump cut off military assistance and intelligence sharing with Ukraine. As a result, defence spending is a hot topic in European politics, which in addition to sparking multiple debates, above all generates

concern among citizens, highlighting the differences between those members of the organisation that are geographically closer to the Russian giant and those that are further away. As can be seen in the graph, Poland leads the contribution, but France has also declared its intention to increase spending. However, it is worth noting that it may be difficult for governments to invest more in defence without breaching the enhanced debt and deficit rules, which seek to prevent an economic crisis. (Sorgi, Roussi, & Posaner, 2025)

“Europe is ready to massively boost its defense spending, both to respond to the short-term urgency to act and to support Ukraine, but also to address the long-term need to take on more responsibility for our own European security,” von der Leyen said. (Sorgi, Roussi, & Posaner, 2025)

This crisis in transatlantic relations applies not only to the military realm, but is an attitude on the part of the US reflected in multiple aspects of international relations. In terms of technology, another of the great issues of our time, the current American presidency is trying to avoid European autonomy at all costs by refusing to comply with the organisation's rules. J.D. Vance went so far as to threaten the end of NATO if regulations were implemented on Elon Musk's X, the former Twitter. Some experts speak of this strategic approach as an imperialist view of economic supremacy through which Trump seeks to extort and coerce Europeans into buying his products. (Gerbaudo, 2025)

2. The European Union and China (2016–2024): Between Economic Cooperation and Systemic Rivalry

When considering EU-China relations, it is very important to take into account the characteristics of each actor. First, the EU is a constantly changing and evolving international integration organisation with a complex system of functioning, with 27 member states. China, on the other hand, is a state with 3,000 years of longevity and an authoritarian regime ruled by the Communist Party. These characteristics directly affect the behaviour of both actors in the international arena. While the EU needs complex mechanisms and voting systems to make major decisions, such as reaching unanimity among the 27 countries or the OLP, it also has a government with an expiry date, which must hold elections every seven years. In contrast, China concentrates the monopoly of power in the ruling party, exercising political control and repression. This feature allows it not only to react and make decisions more quickly, as power

is concentrated in a single command, but also to plan for the longer term than a seven-year term. Given the situation we have described in the international order, it is not surprising to learn that in recent times, EU-China relations have become increasingly complex. The EU defines China as both a partner for cooperation and ‘an economic competitor and systemic rival’, a definition that is further evidenced by a comparison with the EU's long-standing attitude towards the United States.

In her first mandate, Ursula von der Leyen, coinciding with the mandate of Joe Biden who, as we have seen, was more conciliatory towards the organisation, was notably cautious, and some say even hostile, towards China. One of the constant reproaches was the mismatch between European values and those of the authoritarian state. The EU provides in Article 2 of the Treaty on European Union that:

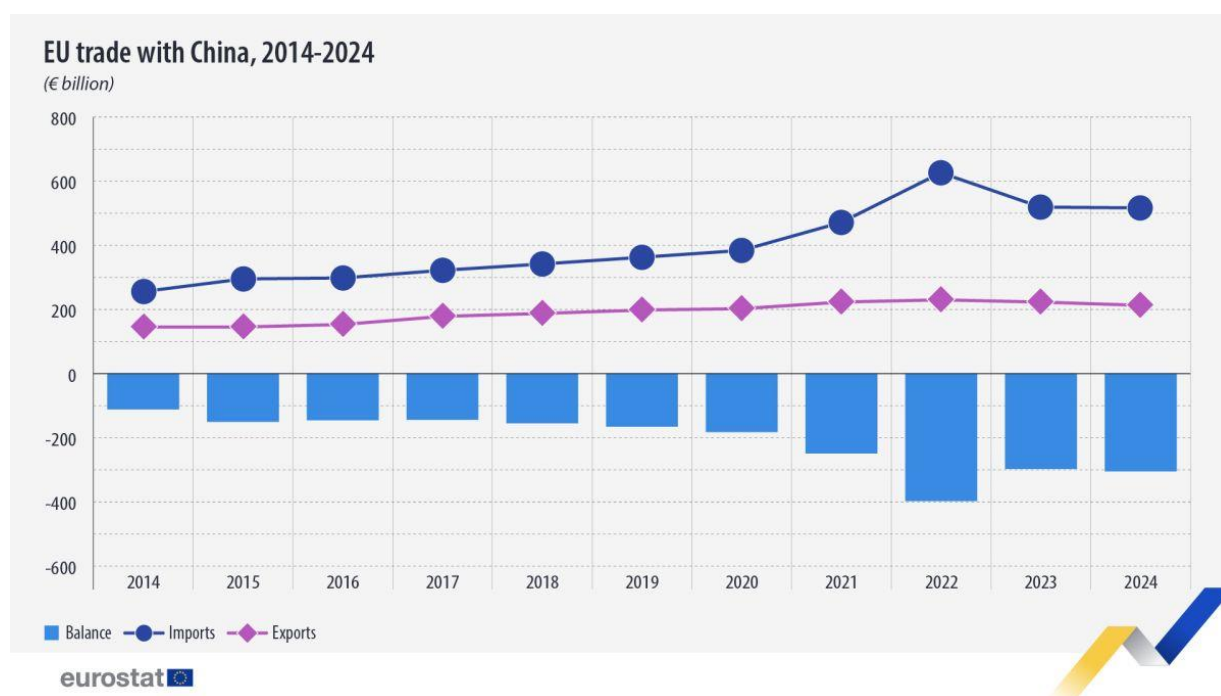
“The Union is founded on the values of respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities. These values are common to the Member States in a society in which pluralism, non-discrimination, tolerance, justice, solidarity and equality between women and men prevail.” (European Union, 2012, Article 2)

In addition, China was also accused of being an unfair competitor, for example by resorting to state aid and subsidies to technology industries, practices similar to those seen through Biden's Buy American policy, but these did not provoke such a stir in Brussels. During these years, after Donald Trump's first term in office, the apparent reconciliation thanks to Joe Biden re-established a defence of the “liberal, rules-based international order” and the clear positioning of China as a systemic rival.

On the Chinese side, public opinion polls indicate that society perceives Europe very differently from the United States, contrasting the antiquity of European civilisation with the intense capitalism that characterises the US. (Gerbaudo, 2025). Also, in the White Paper, the Chinese government, defines the European Union as a valuable partner in the pursuit of peace and multipolarity, a synergy that has been in place since 2013 when both powers reached an agreement on the EU-China 2020 Strategic Agenda for Cooperation. Still, despite this, both powers carry a mutual distrust. (Harold, 2018)

In terms of economic relations, as a result of China's remarkable growth, these have only increased, with the import of goods into Europe from China standing out in particular, as the following graph shows. In 2024, China ranked as the third largest destination for EU goods exports (8.3%) and was the EU's top supplier of imported goods (21.3%). Among EU member states, the Netherlands imported the most goods from China, while Germany was the leading EU exporter to the Chinese market. (Eurostat, 2024)

GRAPHIC 12: EU trade in goods with China, 2014–2024

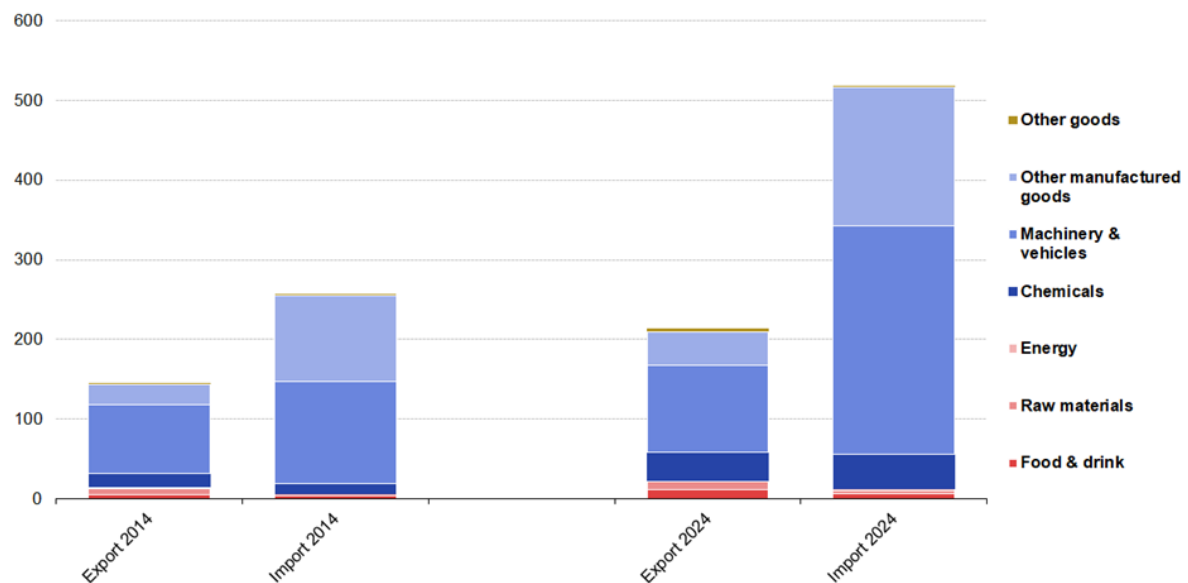


SOURCE: Eurostat (2024)

In this relationship, the trade balance between China and the European Union has been consistently favourable to China. In terms of merchandise trade, although it has remained slightly persistent, the EU has a large trade deficit, reaching 396 billion euros in 2022. Notably, the import of Chinese telecommunications equipment, machinery, and electrical devices stands out, while the EU primarily exports vehicles, pharmaceuticals, and various machinery, which are also key sectors in the EU's Foreign Direct Investment flows to China. The following graph shows that EU manufactured goods exports (88%) in 2024 were greater than primary goods (11%), just like in imports. It also clearly highlights the large difference between the amount of imports and exports. (Eurostat, 2024)

GRAPHIC 13: EU trade with China by product group 2014 and 2024

EU trade with China by product group, 2014 and 2024
(€ billion)



Source: Eurostat (online data code: ext_st_eu27_2020sitc)

eurostat

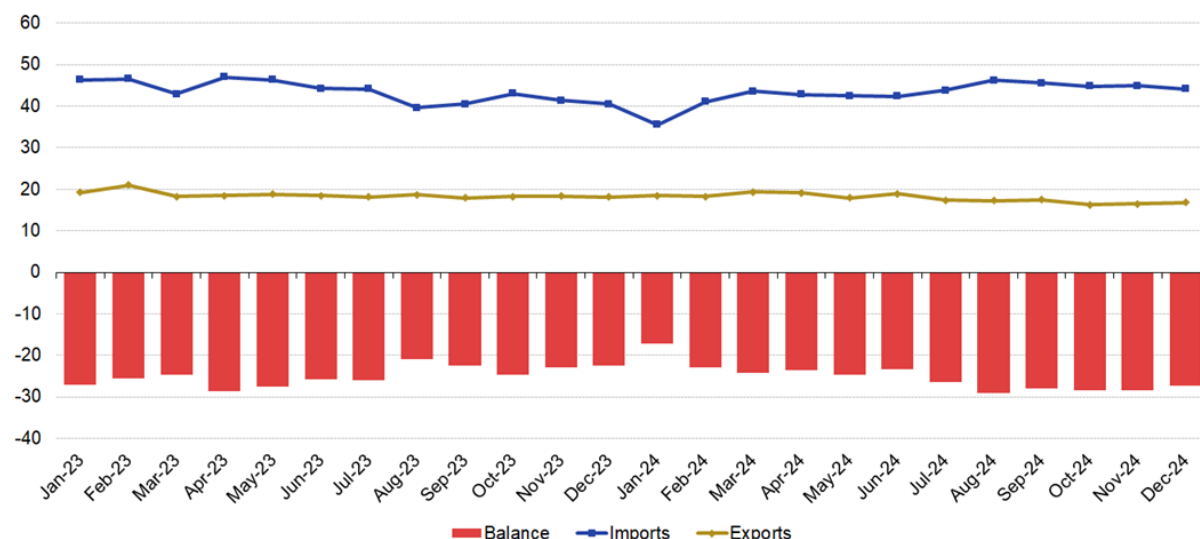
SOURCE: Eurostat (2024)

In the trade of services, however, the EU has a trade surplus with China, reaching 14.1 billion euros in 2023. 'China is the fourth largest service trade partner of the EU, after the United States, the United Kingdom, and Switzerland.' (European Commission, 2025)

Nevertheless, EU exports to China began to decrease in 2023, reaching 16.8 billion euros last December 2024. Chinese imports also fell, with a decline of more than 2 billion euros, a 4'9%, from 2023 to 2024. These variations resulted in a trade deficit of 27.3 billion euros in December 2024.

GRAPHIC 14: EU trade in goods with China, 2023-2024**EU trade in goods with China, 2023-2024**

(€ billion, seasonally and working-day adjusted)



Source: Eurostat (online data code: ext_st_eu27_2020sitc)

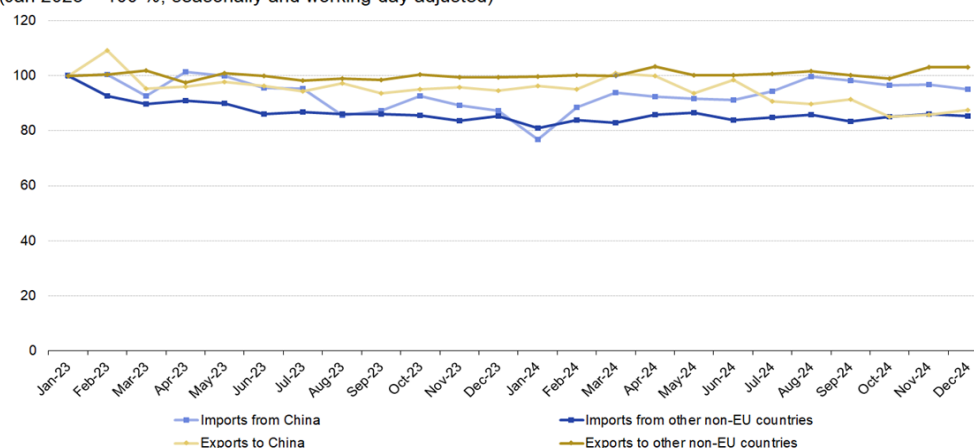
eurostat

SOURCE: Eurostat (2024)

This decline is not solely due to relations with China, as we observe that during the same period imports from other non-EU countries fell by 14.8%. However, on the part of China, in the years 2023 and 2024, while EU exports to China decreased by 12.5%, those from non-member countries increased by 3.0%, two years in which the EU maintained very good relations with the US again. (Eurostat, 2024)

GRAPHIC 15: EU trade in goods with China and other non-EU countries, 2023–2024.**EU trade in goods with China and other non-EU countries, 2023-2024**

(Jan 2023 = 100 %, seasonally and working-day adjusted)



Source: Eurostat (online data code: ext_st_eu27_2020sitc)

eurostat

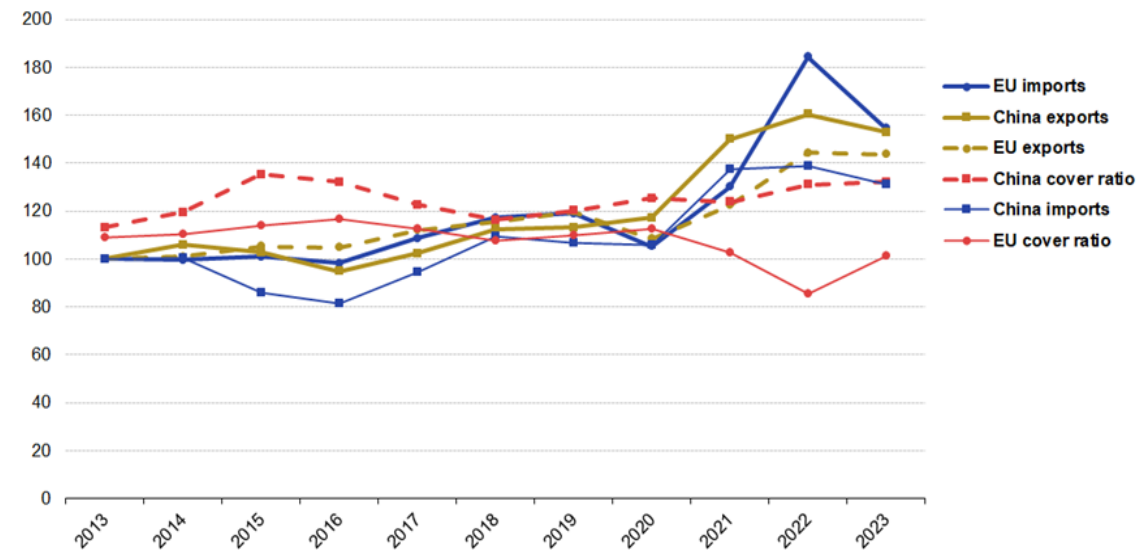
SOURCE: Eurostat (2024)

We can observe that, in general terms, trade relations between the European Union and China, especially since 2016, have followed an upward trend, with significant growth in exports and imports, reaching their peaks in 2022.

GRAPHIC 16: Trade in goods of the EU and China, 2013-2023

Trade in goods of the EU and China, 2013-2023

(exports and imports indexed at 100 in 2013)



Notes:

- While the trade balance provides information on the absolute value of trading positions, the cover ratio provides a relative
- Exports and imports are indexed at 100 in 2013

Source: Eurostat (online data code: ext_it_introeu27_2020) and UNCTAD

eurostat 

SOURCE: Eurostat (2024)

Yet, the complexity of the relationship has also increased over time, and the imbalance in economic relations and the damage caused by the Chinese economic model to trade partners has necessitated a rethinking by the international organization, which must seek reciprocity at a minimum. To this end, the EU remains committed to dialogue-based mediation, especially through the WTO, to achieve a more balanced situation. This imbalance is also marked by China's strategy of replacing imports with self-sufficiency, which clearly explains why the EU is in a deficit in this relationship. Although China makes great efforts to attract foreign direct investment, the reality is that European companies are unable to compete on equal terms with Chinese companies and are discriminated against, since despite the continued opening in recent decades, there are still very closed sectors in Chinese society. An example of these efforts is the negotiations on the Comprehensive Agreement on Investments in 2020, which grants greater access to the Chinese market for EU investors; in addition, under this agreement, China commits to ensuring fairer treatment for European companies. (European Commission, 2025)

In 2019, in light of the undeniable change in China's position in the world order, the member states of the European Union reaffirmed their multifaceted political approach to relations with the Asian giant, highlighting the need for a more realistic and assertive approach, seeking mutual benefit, as well as a balance of interests between economic and technological competition, and the differences between both governance models. Furthermore, both powers declared their commitment to defending the international rules-based order, to which the European Union insists not only on the role of the United Nations but also on the importance and necessity of respecting Human Rights. (European Commission & High Representative, 2019)

At a global level, the EU has committed to working towards reforming the World Trade Organization in order to respond to the challenges of the green and digital transitions, while promoting a level playing field on a global scale. The EU therefore also calls on China to play a role commensurate with its economic weight to help achieve these reform goals. At the same time, recognizing the importance of maintaining open communication channels, the EU continues to seek cooperation with China at both bilateral and multilateral levels. A great example of this is the potential cooperation between the Global Gateway and the Belt and Road Initiative, an initiative that would have a significant geostrategic impact, as China is making considerable investments in major ports aimed at the European market. A project of this nature would also provide a significant boost to the renminbi, which, although it is far from competing with the US dollar, is increasingly present in various countries, as it is part of China's strategy, to reach power from the United States through de-dollarization, which would allow it to gain power using the renminbi. (European Commission, 2020)

Thus, we observe a clear intention of cooperation between both acts in which the priority of the European Union is to reduce risks. Yet, this does not dismiss the ongoing hostility that the organisation has felt towards China. Since the beginning of the war in Ukraine in 2022, the perception of China as a threat has only grown, as the red dragon has strengthened its alliance with Russia. This situation has since reinforced the feeling that a war is looming between democracies and authoritarian regimes, with the European Union and the United States on the same side, of course. Even so, the return of Donald Trump in 2025 under an increasingly authoritarian government has greatly weakened this idea and not only that, but it has also brought back the possibility of the U.S. abandoning transatlantic cooperation, which has once again fueled the debate and the need for European strategic autonomy. (Gerbaudo, 2025)

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In light of this situation, the opportunities presented by China do not go unnoticed by anyone. Many argue for the need for a shift by the European Union towards the East, valuing the Asian giant as a new ally in the face of the aggressive and threatening positioning of the United States since Donald Trump's second administration. The commonalities are increasingly numerous. In 2020, China already surpassed the US as the EU's trading partner, and the tariff war promoted by Trump in 2025 has further exacerbated the feeling of instability, as well as the lack of trust in transatlantic relations. Not only in terms of the individual interests of each actor, but it also seems that in the most fundamental conception of international order, China adheres to the established norms and defends, at least more than the current US government, the pursuit of a multilateral order, just like the European Union. In light of this situation, we must ask ourselves, what opportunity does the EU have...? (Gómez-Reino, 2025)

CHAPTER 3**CHALLENGES AND OPPORTUNITIES FOR THE EU IN THE
INTERNATIONAL ORDER****1. Challenges: Strategic autonomy**

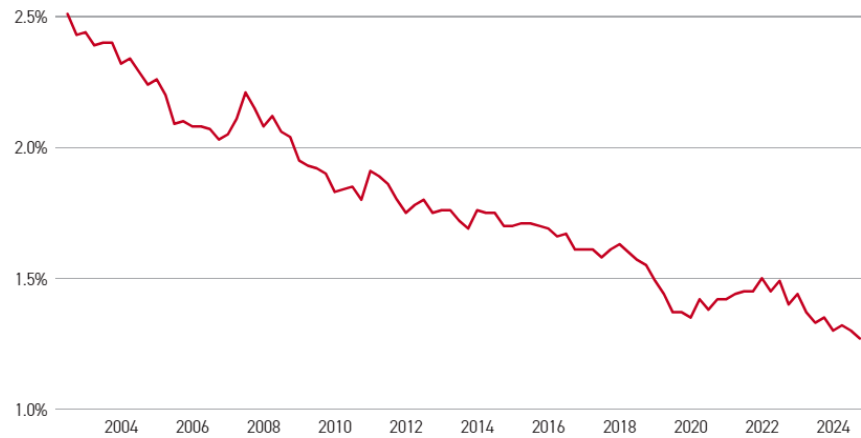
Strategic autonomy, although it is a concept already present in European policy since 2013, has recently seen a resurgence. Paradoxically, in a context of great interdependence, as well as competitiveness, among the actors of the world order, it advocates for greater resilience and independence, but not necessarily for a protectionist or isolated stance. Although in its origins it focused only on security and defense, today strategic autonomy encompasses multiple areas (technological, economic, geopolitical, etc.). The European Union seeks through strategic autonomy a better management of international interdependence, which allows it to defend its interests and regain power in the international order, where power redistributions and geopolitical challenges are expected. (Cagnin, Muench, Scapolo, Stoermer, & Vesnic Alujevic, 2021)

In light of this situation, the President of the European Commission, Ursula von der Leyen, requested Mario Draghi, one of the great economists of today, to prepare a report on the future of European competitiveness. Thus, on September 9, 2024, the Italian published "The Future of European Competitiveness: A Competitiveness Strategy for Europe." The report highlighted a clear economic deterioration of the EU compared to the US and China and a loss of relevance in the global order, emphasizing the low growth of European productivity. (Draghi, 2024)

GRAPHIC 17: The average of the experts' forecasts of long-term (5-year) GDP growth for the eurozone

Not-so-great expectations

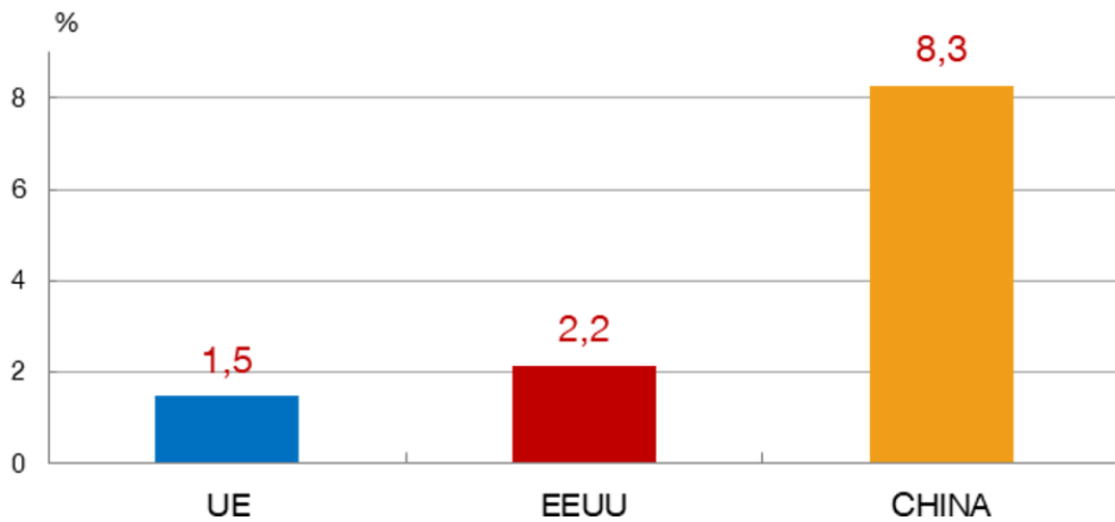
This chart shows how overtime, professional economists have forecast less and less growth for the eurozone. It shows the average of the experts' forecasts of long-term* (5-year) GDP growth for the eurozone.



*Five calendar years for the 3rd and 4th quarter survey rounds; four calendar years for the 1st and 2nd quarter.
Source: [European Central Bank](#)
Giovanna Coi/POLITICO

SOURCE: Weise, Faggionato & van den Hove (2024)

GRAPHIC 18: Average annual growth of GDP, 2002-2023

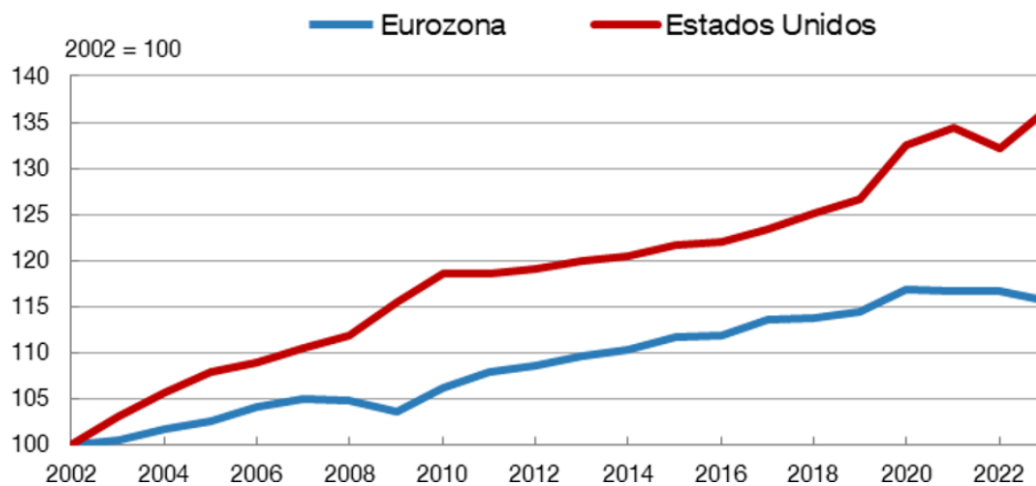


FUENTE: World Economic Outlook, Fondo Monetario Internacional

SOURCE: L'Hotellerie-Fallois (2024)

GRAPHIC 19: Productivity per hour worked, 2002-2023

Productividad por hora trabajada, 2002-2023



FUENTE: OCDE

SOURCE: L'Hotellerie-Fallois (2024)

We therefore observe a deterioration in European productivity, as well as in its annual GDP growth. Draghi outlines the "key economic dependencies that are becoming geopolitical vulnerabilities," such as the import of more than 80% of digital technology, high energy prices, and the lack of defensive capacity. A very important point that Draghi mentions in his presentation of the report is that the threat facing Europe is not a matter of poverty, but of independence:

“My concern is not that we will suddenly find ourselves poor and subservient to others. We still have many strengths in Europe. It is that, over time, we will inexorably become less prosperous, less equal, less secure and, as a result, less free to choose our destiny.” (Draghi, 2024)

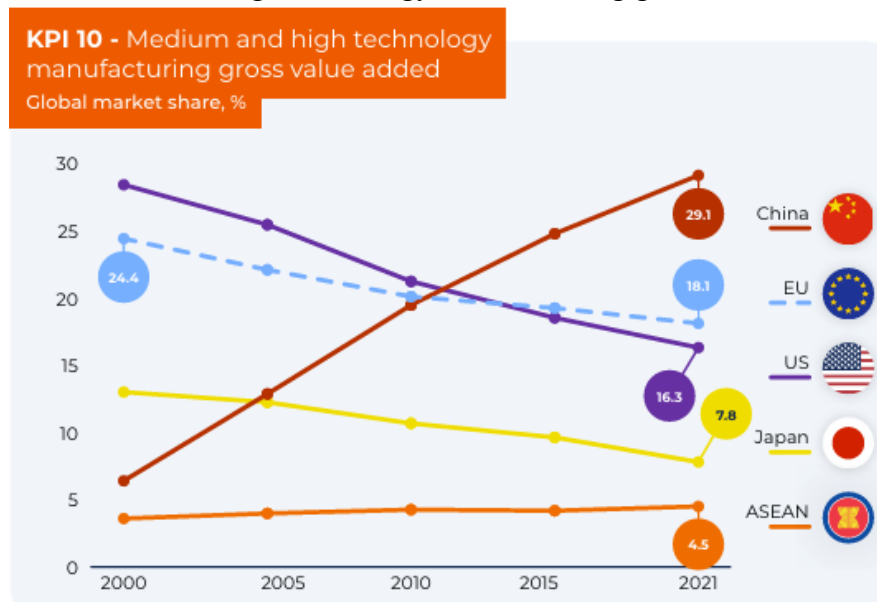
Therefore, the solution seems clear: the European Union must improve its productivity, as well as its growth, since the European social model and its own economic integration are at stake.

This report would lay the groundwork for the Compass for Competitiveness, published by the European Commission on January 29, 2025, to guide and restructure the strategy of the European Union in its new legislative term. In this work we will focus on innovation and productivity, economic security and defence, in relation to strategic autonomy.

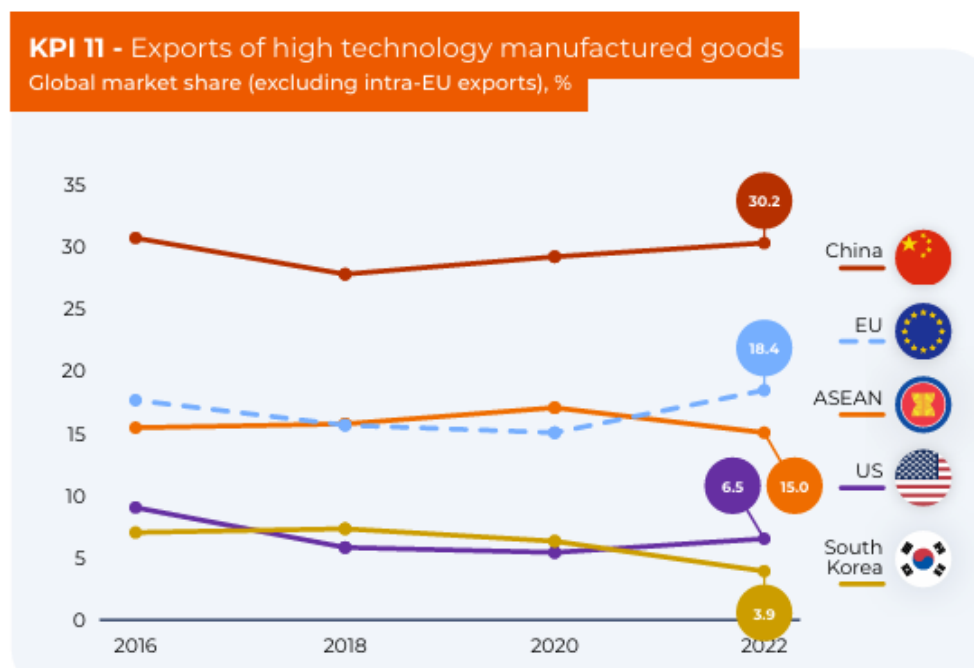
1.1 Innovation and productivity

Technological sovereignty, a key concept in this matter, seeks to promote European leadership and strategic autonomy in this field. Although the EU has always been very well positioned in terms of industrial research and development, significantly increasing its investment in technological R&D over the past few years (5.6% in 2019), the truth is that this investment does not translate into its economy nor, therefore, into its competitiveness. The European Commission's industrial strategy proposes Common Industrial Technology Roadmaps in which EU and national support programs would be linked, creating synergies and strengthening the European industrial system. It also highlights the need for greater cooperation between the public and private sectors in light of the green transition. Globally, greater R&D performance is observed in Asia, with growth rates faster than average, to which the EU has proposed a sovereign Technological Fund. (Cagnin, Muench, Scapolo, Stoermer, & Vesnic Alujevic, 2021)

Innovation is the key to the difference in productivity between the US and China. It is necessary to grow in the sectors of new technologies, to offer opportunities for business development to companies within the European Union, as well as work with new technologies to citizens, also incorporating Artificial Intelligence into the industry. The following graphs indicate the value generated by industries that use medium and high technology; this reflects and is related to the level of technological sophistication, industrial development, and economic progress related to innovation in each country. (L'Hotellerie-Fallois, 2024)

GRAPHIC 20: Medium and high technology manufacturing gross value added

SOURCE: European Round Table for Industry (2024)

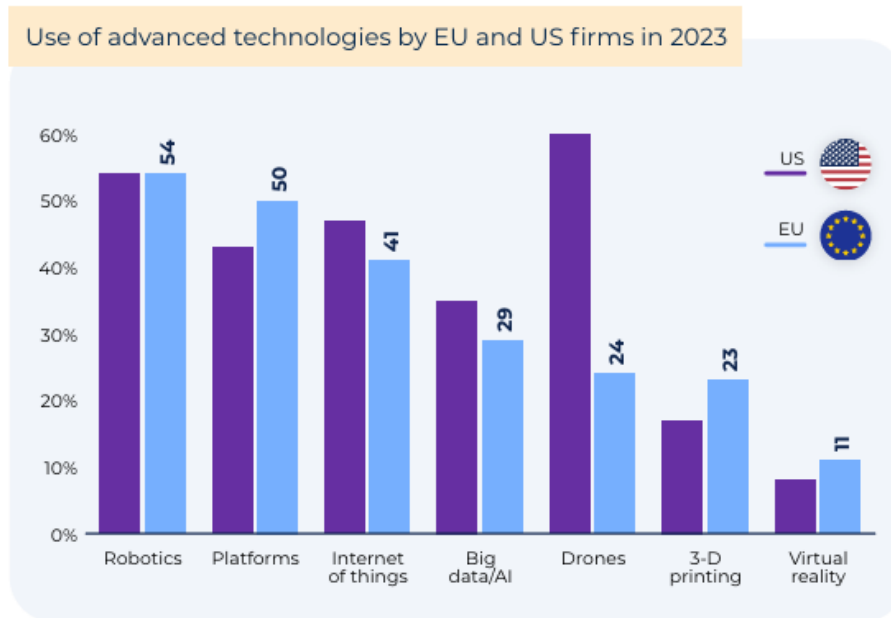
GRAPHIC 21: Exports of high technology manufactured goods

SOURCE: European Round Table for Industry (2024)

Although the European Union has remained competitive so far, both as a producer and exporter, these issues are crucial for the sustainability of the economic system, so acceleration is needed. In the development of AI, we see that the EU has fallen notably behind, as well as in other technological development issues (5G and fiber networks) where it seems that the EU is content to adapt to the creations of the US and China, such as ChatGPT or DeepSeek, instead of

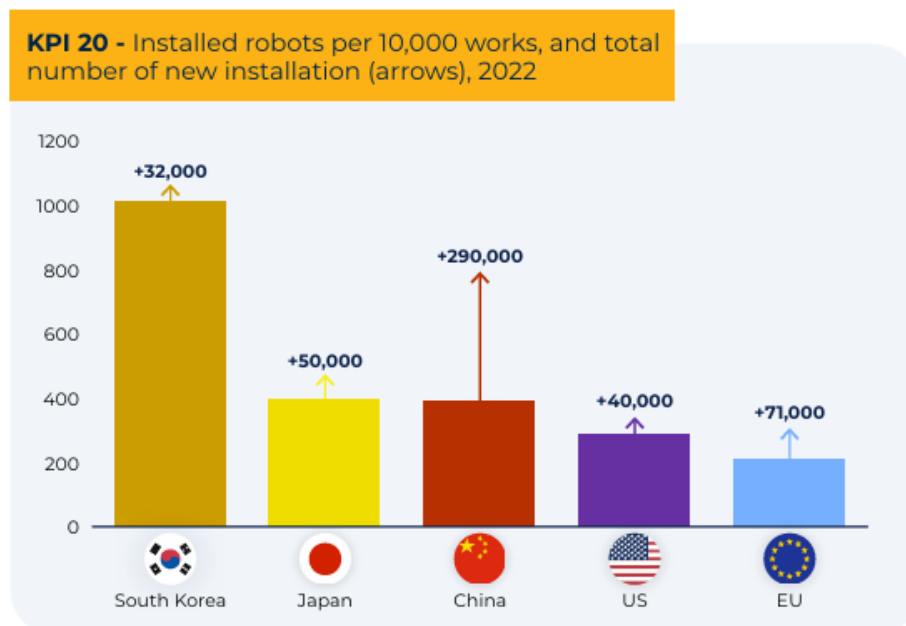
promoting a European brand. The European Union is also losing ground in technological infrastructures such as semiconductors or ultra-fast telecommunications networks, so it is necessary to take measures that ensure control and security in connectivity, such as increased production of semiconductor chips.

GRAPHIC 22: Use of advanced technologies by EU and US firms in 2023

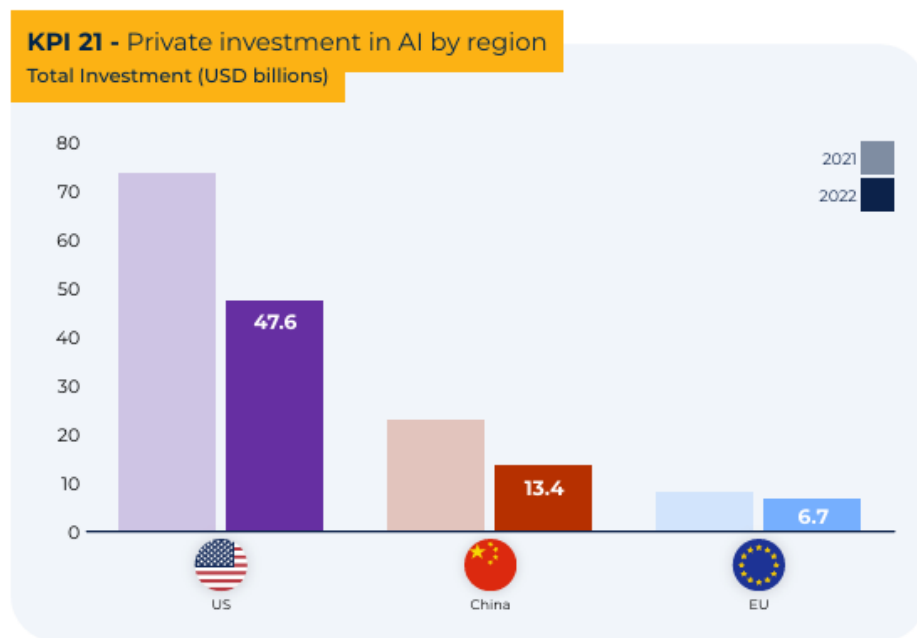


SOURCE: European Round Table for Industry (2024)

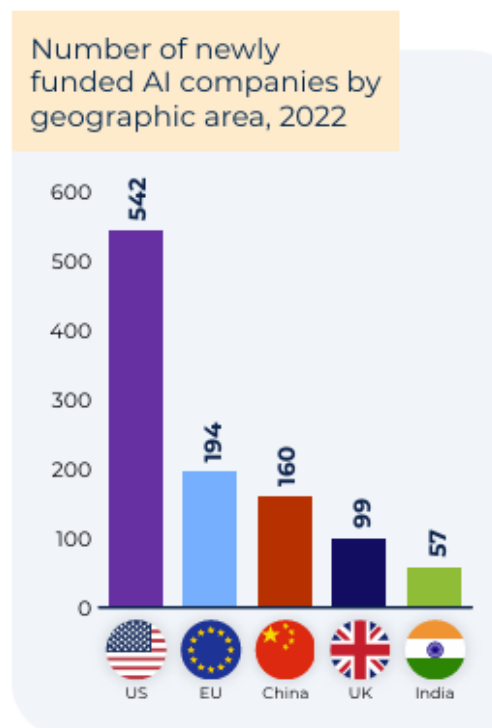
GRAPHIC 23: Installed robots per 10.000 works, and total number of new installation (arrows), 2022



SOURCE: European Round Table for Industry (2024)

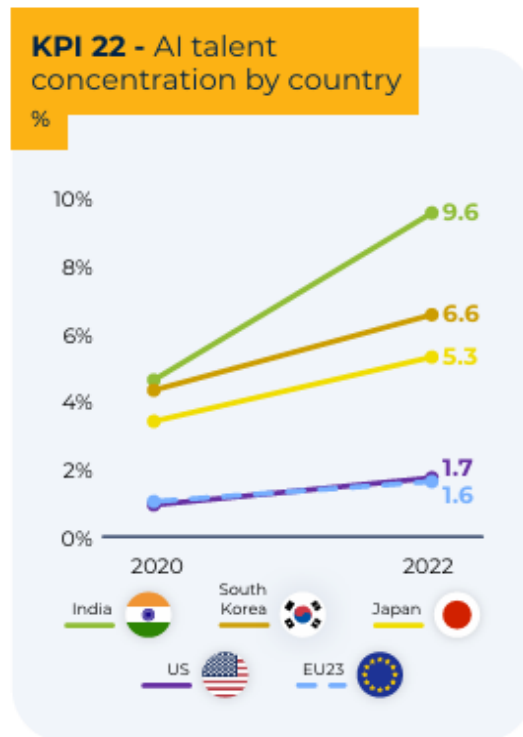
GRAPHIC 24: Private investment in AI by region

SOURCE: European Round Table for Industry (2024)

GRAPHIC 25: Number of newly funded AI companies by geographic area, 2022

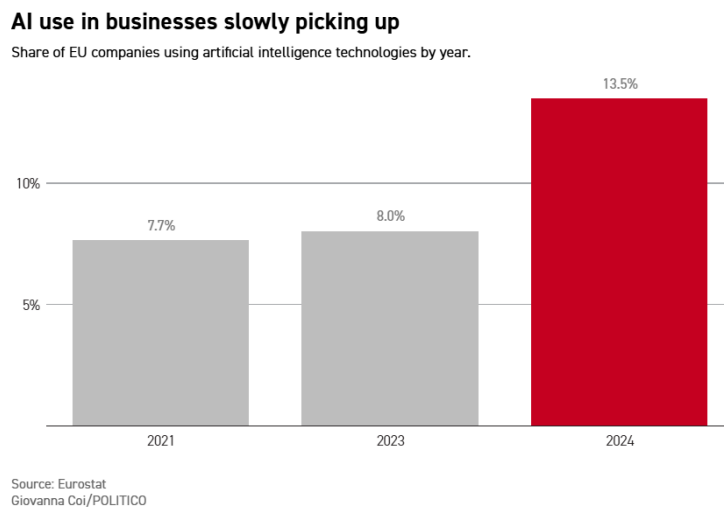
SOURCE: European Round Table for Industry (2024)

GRAPHIC 26: AI talent concentration by country



SOURCE: European Round Table for Industry (2024)

Draghi explains the difference in investment in R&D and warns of how static the European industrial structure is, not due to a lack of ideas or ambition, but because of an environment that does not favor this prosperity, the lack of an integrated market, which encourages European entrepreneurs to move to, for example, the U.S. A reform of the innovation system starts with investment in universities and research centers, as well as facilitating these individuals in marketing their ideas. The European Union does not want and should not fall behind in the global race for AI, which is why the Commission has already allocated "funding for AI factories and AI-optimized supercomputers"; it is also working on the development and training of large models for the next year, while also trying to enhance the inclusion of AI in European companies. (POLITICO Staff, 2025)

GRAPHIC 27: AI use in businesses slowly picking up**SOURCE:** POLITICO Staff (2025)

Through its legislative capacity, one of its strengths, the European Union has the opportunity to provide legal certainty for the use of new technologies, a matter that will undoubtedly drive their integration into the industry. This clearly represents an integration effort by the 27 Member States of the Union to expand the Single Market to the digital realm, as well as promote cooperation in cybersecurity, encouraging safe investment and competition within the organization's own borders. Through the interoperability strategy, the EU seeks to coordinate common standards for data flow that enable the deployment of interoperable technologies, a matter without which the EU cannot consider leading the digital market. Even so, we must not underestimate the scope and power of European legislation, as in the past some initiatives have become global standards. This is due to the large size of the European market, with over 450 million consumers, its policies influence foreign governments and multinational corporations, a capacity that neither China nor the US exercise. This ability to set global standards has gained great strategic importance at a time of change in which different models of capitalism and values are competing to see which remains, not to mention the digital and energy transitions that are expected and that, therefore, will have to be regulated under a framework and standards. (Cagnin, Muench, Scapolo, Stoermer, & Vesnic Alujevic, 2021)

Both the Draghi report and the Compass address the issue of regulation as a factor that needs reform to, for example, also encourage the development of start-ups in this case. Regarding Artificial Intelligence, the European Parliament approved the EU AI Act in 2024, the world's first legal framework tasked with regulating Artificial Intelligence, a fundamental issue in the

protection of the European way of life, prohibiting systems that pose an unacceptable risk, such as the already known social scoring systems used particularly in China; as well as high-risk applications, not only within the European Union but applicable to all those operating in the European Union market, even if they are not part of the organization. (Artificial Intelligence Act, 2025) Thus, digital governance and regulation are key points, alongside increased productivity and innovation, for the standardization and leadership of the EU in digital technologies and its corresponding economy, a matter in which the US is losing hegemony to China in issues of Artificial Intelligence and to the European Union in data privacy. It is estimated that new technological capabilities will increase the GDP of the European Union by up to 14.1% compared to 2017, reaching 2.2 trillion euros, which is why the Digital Compass sets the following objectives: “digitally skilled population and professionals, secure infrastructures, digital transformation of businesses and digitalisation of public services”. (Cagnin, Muench, Scapolo, Stoermer, & Vesnic Alujevic, 2021)

Thus, as main challenges, we observe a clear technological gap with the US and China in key sectors such as Artificial Intelligence. There is also a fragmentation of the European digital market, which hinders the growth of its tech companies, as well as a lack of coordination in private and public investment that could greatly benefit European innovation. The dependence on third countries for the supply of technology and critical raw materials is also noteworthy, and although the European Union has significant regulatory power, it risks being reduced to a regulatory power rather than an innovative one, which would cause it to lose considerable influence in the global order.

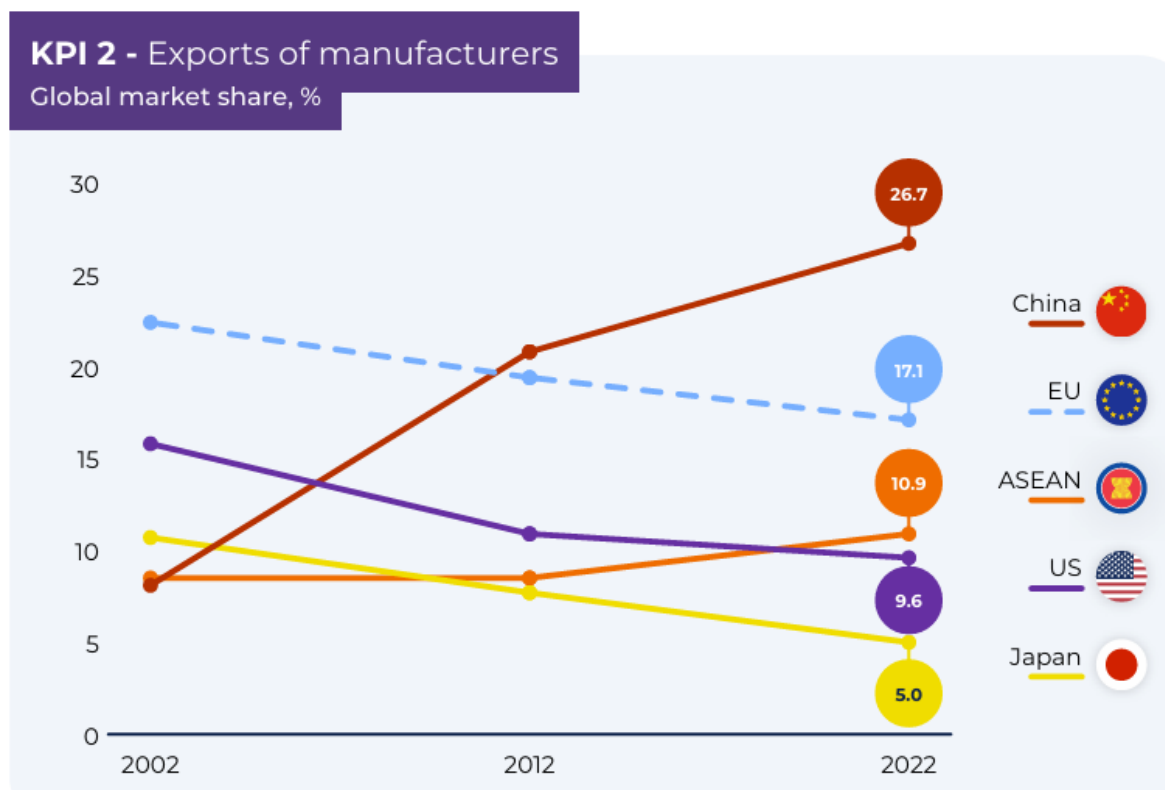
The European Union must, first of all, make a significant investment to improve its productivity, increasing joint investment in R&D+i, which it can do through European programs such as Horizon Europe or the Innovation Fund. This move, along with acceleration policies and the unification of the European digital market (such as the elimination of barriers for startups), will facilitate the development of companies and seek to create European leaders in key sectors, such as chips or AI. Strategic cooperation in this area, although it offers opportunities, still seems limited. This issue is very important; the European Union must overcome its internal controversies, mainly regarding China, and establish strong alliances with third countries that allow it to be part of the technological race and not fall behind in technological and supply matters, for example, by sharing standards and supply chains.

Additionally, due to its legislative power, it has the opportunity to promote the ethical standards that guide technological development.

1. 2 Economic security

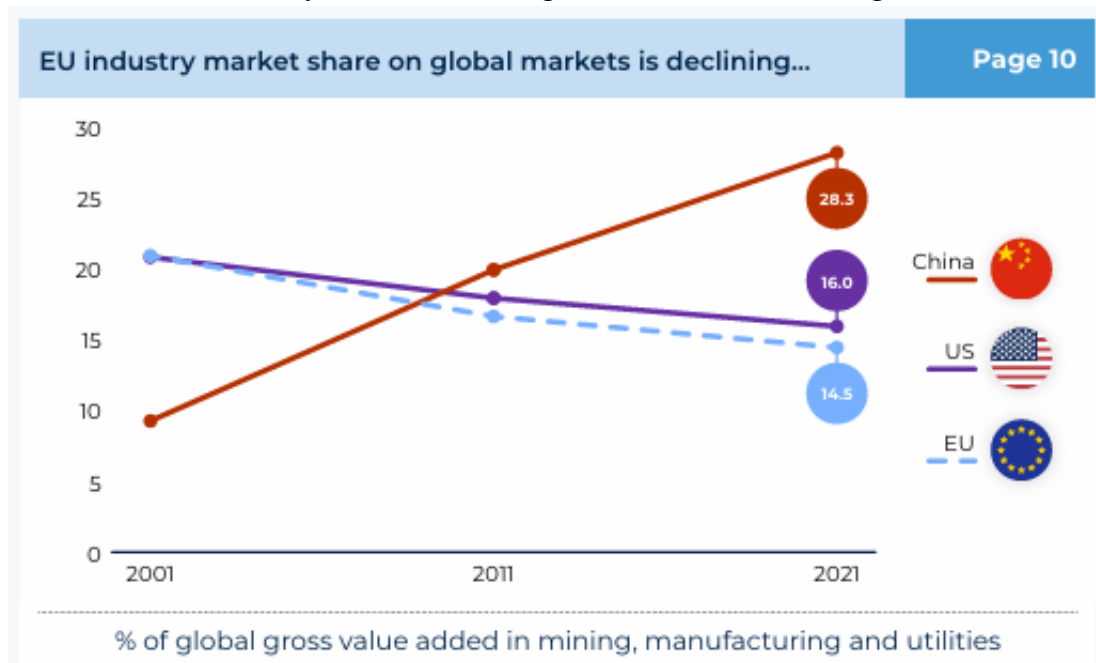
On the path to strategic autonomy, the common foreign economic policy has proven to be more than necessary following the trade war initiated by Donald Trump, just like the much-talked-about European defence industrial strategy. Therefore, at such a sensitive and changing moment as the one we are living in, unity within the European Union is essential for its survival. Sectors where the European Union used to be a benchmark are now facing overwhelming competition, both in terms of price and quality, due to the entry of new players as well as the rapid growth of those already established. The notable growth of Chinese companies expanding globally has affected other international competitors, and although the European market has been less repressed than the American or Japanese markets in the export of manufactured goods, the decline is constant. This loss of market share is very concerning, as the competition is increasing in its internal market and exports are crucial for the business model of the European Union. (European Round Table for Industry, 2024)

GRAPHIC 28: Exports of manufacturers



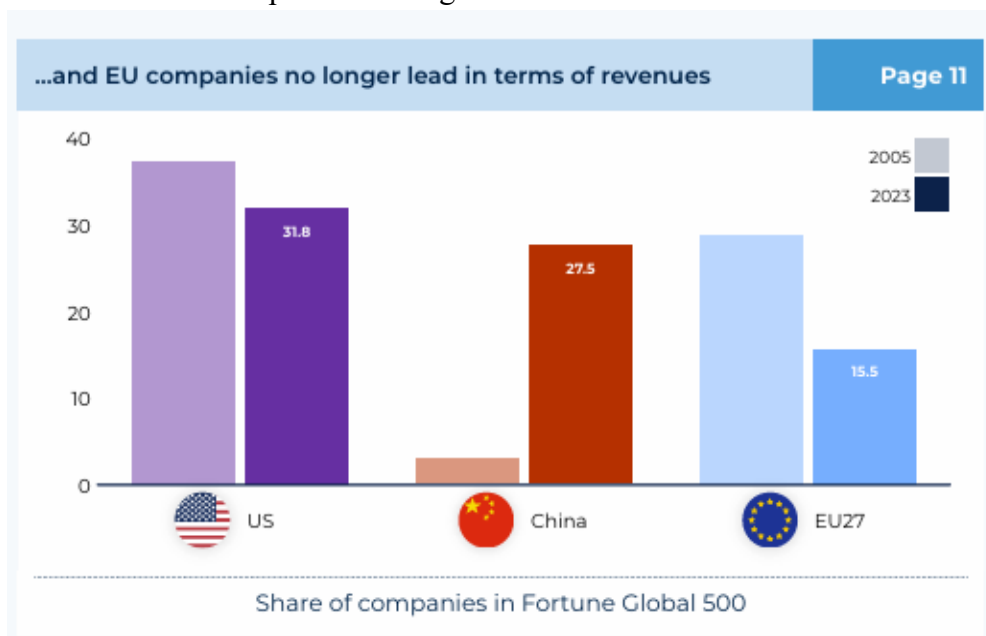
SOURCE: European Round Table for Industry (2024)

GRAPHIC 29: EU industry market share on global markets is declining



SOURCE: European Round Table for Industry (2024)

GRAPHIC 30: and EU companies no longer lead in terms of revenues

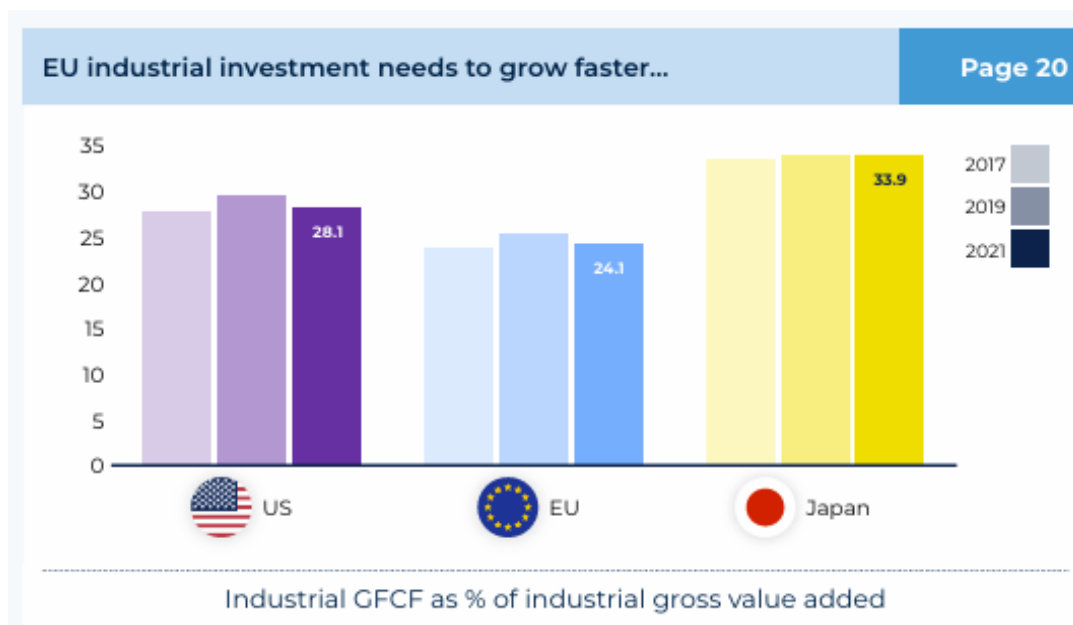


SOURCE: European Round Table for Industry (2024)

Characterised by its open economy, the European Union must also be prepared for the dangers that this entails, by exposing its companies to fierce competition in more closed internal markets. Therefore, the European Union must enhance integration within the European Single Market, increasing its production and reducing remaining barriers, which would allow for accelerated growth and less dependence on external factors, also improving its competitive

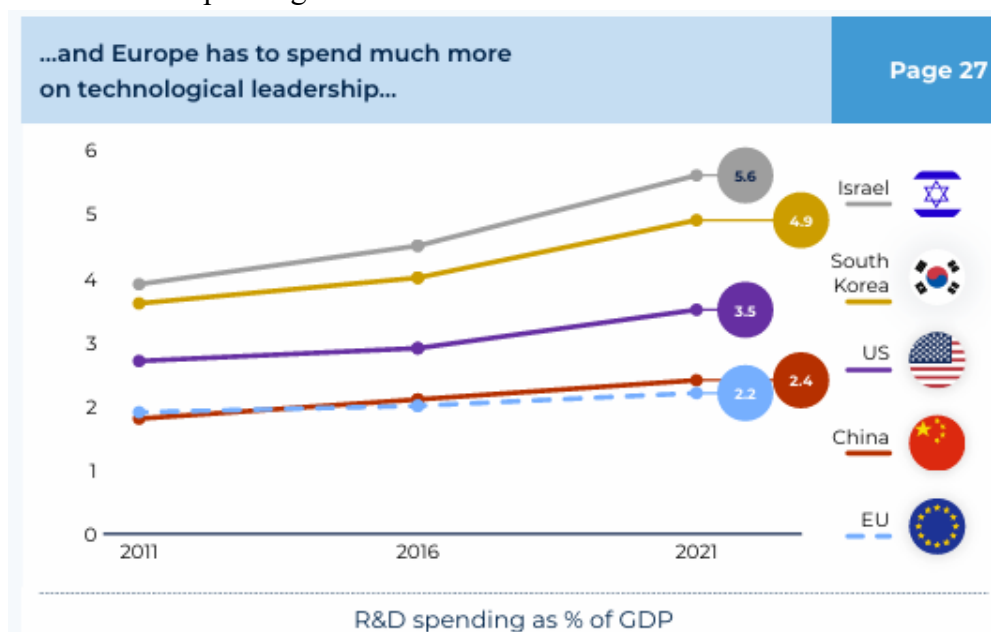
capacity. One of the major complaints regarding this issue is the consideration of excessive regulation, as well as administrative claims, which is why many people, both inside and outside of politics, advocate for a simplification of the legislation that facilitates the achievement of business objectives: promoting innovation, attracting investment, and aiding the launch of start-ups.

GRAPHIC 31: Industrial Gross Fixed Capital Formation (GFCF) as % of industrial gross value added



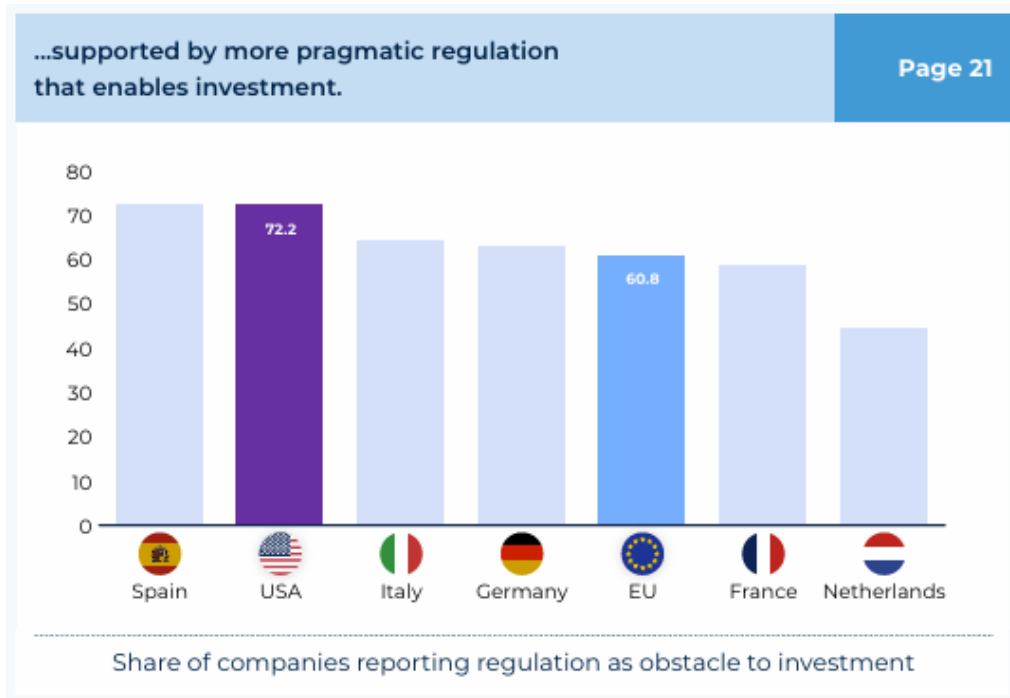
SOURCE: European Round Table for Industry (2024)

GRAPHIC 32: R&D spending as % of GDP



SOURCE: European Round Table for Industry (2024)

GRAPHIC 33: Share of companies reporting regulation as obstacle to investment



SOURCE: European Round Table for Industry (2024)

In addition to strengthening its Internal Market, a good common external economic policy is key, as we have said, to establish alliances that expand the reach of European companies. Thus, transatlantic relations are again fundamental, as they have characterized a great trading relationship for decades with the USA, but we must not forget the strategic alliance offered to us by the countries of Latin America as well. Thus, last December 2024, the long-negotiated free trade agreement between the European Union and Mercosur concluded. In the case of the EU, a key part of all these efforts towards economic security is the need to protect the multilateral trading system and the protection of its rules, which is why it insists on the relevance and work of the WTO and all its negotiations with China must pass through this filter. (European Round Table for Industry, 2024)

The diversification of trade is becoming increasingly difficult and the EU should ensure a supply guarantee due to future threats of trade wars that could involve economic coercion and, of course, the consequences that climate change may entail. In addition, the shift of the center of gravity of the global economy towards Asia represents a significant challenge for the European Union, as it implies a gradual reduction of its global economic influence. This is compounded by the growth of protectionist trends, as we see in the United States, but also in other players like China, the trade tensions within the European Union itself, and the increasingly noticeable weakness of the WTO when it comes to regulating trade disputes. This

phenomenon worsens if the EU fails to maintain its growth pace against emerging economies that are advancing more quickly in terms of innovation, often protected by more closed markets. An additional structural factor is the demographic aging of the European population, which leads to a decrease in the available labor force and an increase in the costs associated with the welfare system, negatively impacting long-term competitiveness.

In addition, when presenting itself as a balance, or the third pole, between the United States and China, it is very interesting to apply the thinking of the economist Charles Kindleberger (1986). He argues that globally, for a State to ensure the proper functioning of the economy, it must first provide an open market, which the EU could fulfill with its Single Market and institutional regulations; secondly, the guarantee that it will be able to act as a lender, a role that could be assumed by the European Central Bank, also considering the value of the euro; and lastly, the intention to facilitate counter-cyclical loans if necessary, a fiscal political capacity that many question. (McNamara, 2025) For these reasons, the European Union must avoid at all costs being involved in trade wars or alliances that generate dependency. Combining openness and resistance to achieve strategic autonomy is key for the European Union to maintain and develop its relevance in the international order as an economic power. Despite these difficulties, we observe among them opportunities, since, for example, the climate crisis demands a green and digital transition that will undoubtedly affect economic dependencies, a matter that the European Union and China seem to be leading, which could favor the European market. Also, the EU is promoting European industry and value chains and has the means to carry out smart specialization, a policy measure that promotes growth and employment through the competitive advantages of each region. (Cagnin, Muench, Scapolo, Stoermer, & Vesnic Alujevic, 2021)

1.3 Defence

European defence is also one of the major current issues regarding the EU's strategic autonomy. Although the EU is built as a civilian entity, and it may seem contradictory for an organisation born in the pursuit of peace to pursue a defence policy, this is a key point for strategic autonomy. Especially from a realist point of view, as a strong and autonomous entity has greater decision-making power and influence, as well as being less conditioned by and in need of external alliances. This autonomy is reflected in all areas (economic, political, technological, etc.), so it naturally needs an autonomous defence policy that guarantees the security of the

Union's members without depending on other actors in the face of external aggression. For this reason, the relationship with NATO has been and continues to be a major conditioning factor on the road to strategic autonomy, since the European Union does not have the capabilities to act independently and is not perceived in terms of defense as an autonomous and credible security actor. Luzarraga (2015) adds to this issue the security situation on the EU's borders, which has notably deteriorated in recent years and whose pressure has been contained thanks to NATO. Also, the fact that many actors are increasing their military capacity is generating a more intense sense of instability and pressure in the international arena, as it increases the lack of trust and seems like a preparation for war.

In recent years, the European Union has improved its internal coordination and cooperation in military capability through Permanent Structured Cooperation, the Coordinated Annual Review on Defence, and the European Defence Fund, having joint funding for defense research for the first time. Despite this, especially in light of the war in Ukraine, there is a growing demand for greater commitment from Member States, even more so considering that the paths of NATO and the EU only continue to diverge. In this situation, as Luzarraga (2015) says, the smart thing to do would be to seek compatibility, as the United States seeks to withdraw its support and the EU is looking for its own independent defence. We should not overlook the complexity of this situation, as the relationship seems inevitable for the foreseeable future due to the membership of multiple states in both organisations. It is therefore preferable for the EU to maintain a good and careful relationship with NATO, as well as of course with the US, especially in the near future. (Cagnin, Muench, Scapolo, Stoermer, & Vesnic Alujevic, 2021)

With regard to strategic autonomy, one of the recurrent internal difficulties when it comes to progress in the European Union is that certain states try to maintain a high degree of autonomy and individual decision-making power, in this case, in the field of defence; despite the fact that article 42.2 of the Treaty of the European Union already guarantees that the 'specific character of the security and defence policy of certain Member States' must be respected, EU members sometimes prioritise their own national interests and sovereignty over those of Europe as a whole. (Izuel & Bondia, 2002) Thus, Félix Arteaga considers that the very concept of European strategic autonomy requires a reconsideration of the sovereignty of each country, as it requires cohesive action and therefore the definition of what part of the national military capacity will be allocated to European defence. It is logical, therefore, that those involved would want to guarantee themselves a certain level of decision-making and power in the face of such a

commitment, especially since some members contribute to European strategic autonomy at the expense of their own. (Arteaga, 2017)

This challenge is especially reflected in Ukraine's defence against Russian aggression, where controversies begin to arise regarding support. While some member states are showing fatigue and consider the war to be lost, others do not hesitate in the need to resist and take this war as their own. The inequality between the military capabilities of each member, as well as the political diversity and their relations with both Russia and the United States present a difficult amalgam to cohesively manage, and the absence of a firm strategy, not only for the support and defence of Ukraine but also for its reconstruction and adherence to the Union, is truly the most threatening and urgent challenge for the strategic autonomy of the EU.

Such a complex scenario also requires a long-term strategy. It is clear that to achieve strategic autonomy the EU needs a stronger defence policy, so investment is unquestionable, but as Mario Draghi rightly says, the fragmentation of the structure itself and the lack of coordination is the first issue to resolve. However, member states will need to consider whether and how this is in their self-interest. Given recent tensions with the United States as the Alliance's leader, the EU would ideally like to improve its defence capabilities in order to achieve a better position in NATO and greater decision making power, but this is unlikely to happen in the short term. Thus, the situation seems to be looking for a transition in which the EU is not dependent on NATO in defence policy, and the United States limits its support for its European allies. It is in the EU's interest to maintain a stable and amicable relationship with all its allies, as well as to seek a gradual and moderate transition, as an immediate withdrawal of US forces could leave EU states highly vulnerable. Moreover, this issue is difficult to harmonize and synchronize within the Union itself, as each Member State maintains a distinct relationship with the US, and as we have already mentioned, it is in the giant's interest to enhance this division. Thus, recently France insists and presents itself as an alternative to the United States as a supplier of weapons, to which many Member States, and the main buyers who are Germany and Poland, fear that this will further encourage the abandonment of the American giant. Without a doubt, this is one of the major topics of current affairs, because although it is of general interest, it is worth highlighting Poland's position, being one of the largest buyers of weapons from the US as we have already mentioned and one of the European countries closest to the war in Ukraine. (Kayali & Solletty, 2025)

Undoubtedly, increasing coordinated defence spending is necessary, whether with or without the United States: It is good if the European Union wants to reduce its dependence on the US in the long term and the latter also does not seem to be satisfied with the current defence relations, the European Union must ensure US support in the war in Ukraine and try to make this transition as progressive and subtle as possible. At the same time, it would be advisable for the organization to strengthen cooperation with other partners, such as Canada, in defence, intelligence, security, and training for hybrid wars.

Therefore, European defence policy is and must be a primary objective for the European Union as a guarantee of security for its Member States in the face of aggression from outside its borders, but also as a point of strengthening the Union's strategic autonomy in its quest for self-sufficiency, decision-making power and influence in the international relations arena. Thus, the current scenario that emerges shows a European Union in search of its strategic autonomy and independent defence capability with a historically dependent relationship with NATO that could face the abandonment of the security offered by the US as a NATO member and a lack of cohesion among its own member states. In conclusion, the European Union requires first and foremost internal strength, so that it can be reflected externally. Thus, strong cohesion among member states, which already have the necessary legal foundations in place, can foster a powerful European defence policy that can meet potential threats and challenges in its indispensable and compatible relations with NATO and the United States.

As a result, the common point in all innovation and productivity, economic and defensive security, is the need for a unified policy and strategy on the part of the Union. It is the internal coherence itself that will allow the European Union to overcome its internal obstacles, such as the lack of investment. Member States have little chance in the world order on an individual basis, so opting for European cooperation is essential to gain relevance and achieve strategic autonomy. Mario Draghi insists on this issue, appealing to funding and common effort as the only alternative for the freedom and independence of Europe. External challenges such as authoritarianism, economic coercion, or hybrid wars will be better addressed if the organization is able to act as one and defend its common interests. Furthermore, the lack of internal cohesion greatly harms the image of the European Union in the international sphere, causes it to lose credibility, and also damages the international order it defends based on rules, because it gives the impression of being ineffective. Only a cohesive Union will be able to face the risks and challenges, economic, technological, and security-related, posed by the current international

system. A Union that reflects European values, defends those interests, and is also capable of expanding them.

2. Opportunities: Alliances Beyond the United States, the case of Canada

The defence of multilateralism and cooperation as a method for peace and security are key to the identity and foreign policy of the European Union. Therefore, strategic partnerships and alliances are an essential part of the current transition in the international order. Europe must be the third pole that provides balance and stability to the system, reinforcing the relevance of norms and institutions in the international order, a position that necessarily requires escaping dependence on the USA and strengthening the strategic autonomy of the organization. Through empowerment and investment in its own system and achieving strategic autonomy, Europe will have the opportunity to triangulate the situation, which involves establishing strategic relationships that are most beneficial for its own interests, regardless of the preferences or patterns of the American giant. (Cagnin, Muench, Scapolo, Stoermer, & Vesnic Alujevic, 2021) In this case, we present the opportunities that Canada offers as a strategic partnership, not only for its potential in terms of technology and as a trading partner, but also for its clear alignment with these values and objectives of the European Union in the global system.

Canada has maintained bilateral relations with the European Union since 1950 and is one of the oldest and closest allies of the organization. We find a great similarity and alignment between the values that Canada defends and those of the European Union (defence of democracy, human rights, the rule of law, economic and political freedom...), which has been reflected in multiple collaborations and commitments on global issues such as climate change or coordination of sanctions and support for Ukraine; and is evident in the approach it takes in any area. Both the European Union and Canada owe part of their position in the international order to the economic growth facilitated by free trade based on international norms, so it should not surprise us that they defend this system. (Parlamento Europeo, 2023)

During Canada's presidency at the G7 in 2018, the country proposed five themes for multilateral cooperation, a clear reflection of the mutual values it shares with the EU: "Investing in growth that works for everyone, preparing for jobs for the future, advancing gender equality and women empowerment, working together on climate change, oceans and clean energy, and building a more peaceful and secure world". (Global Affairs Canada, 2018)

2. 1. Innovation and Productivity

As Canada is a technologically advanced partner, its knowledge and intellectual property are a great attraction with ethical standards reflected, for example, in the work with AI. This, combined with its experience in research and access to critical minerals, offers a great opportunity for cooperation with the EU, which provides a well-developed industrial infrastructure and deep technical knowledge in the field of robotics. The Bank of Canada, however, has indicated an emergency due to the country's low productivity, and that investment levels in R&D are also low, so where Canada would offer markets and practical applications for joint developments, the European Union would have an opportunity to provide expertise and extend its influence. Cooperation between their respective research programs, along with policies that facilitate talent mobility, would undoubtedly foster innovation and production for both parties, as both of them are interested in developing emerging technologies. (Wall Street Journal, 2024)

Already in 2023, both actors established the Digital Association, bringing their perspective and discussing how the future of the economy and society should be, which will allow for joint work and strategically boost industries in AI, cybersecurity, semiconductors... Through this type of cooperation, which enables the establishment of secure international connections, new underwater routes, the development of AI systems, the establishment of supply chains, knowledge exchange, and the improvement of resilience against technological insecurity (cyberattacks, manipulation, disinformation...) are expected to be promoted. Undoubtedly, strengthening technological cooperation with Canada would reduce dependence on the US or China, an alliance that is also solid on democratic values and ethical alignment when addressing these issues. (European Commission, 2023)

Also, in line with strategic autonomy, Canada offers the EU the opportunity to deepen in green technologies, digital regulation, and raw materials. This issue is key, and it must be much more attractive by relying on the fact that Canada has proven to be a reliable partner, which would allow reducing dependence on those states that do not provide stable collaboration. Not only that, but the fact of sharing values establishes the grounds for an alliance in the international sphere with moral legitimacy.

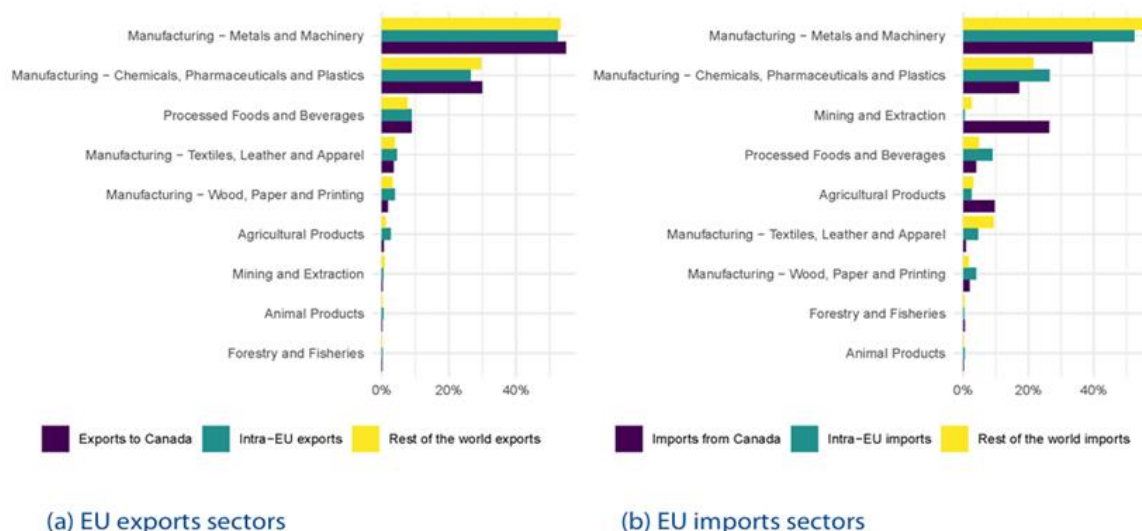
2.2. Economic Security

In economic terms, the Comprehensive Economic and Trade Agreement (CETA) signed in 2016 is an example of cooperation between both countries in the face of adversities. Through this agreement, both partners have established the foundations for cooperation in trade, investment, and regulatory standards, which allowed them to open their markets for goods, services, and investments, promoting sustainable growth due to tariff reductions (up to 98%) and export facilitation.

As we see in the following graph, there is a relationship in which Canada, due to its specialization and resource capacity, is a key partner for the European Union in the import of metals and machinery, as well as in mining and extraction. Considering the characteristics of both actors, this offers multiple avenues for mutually beneficial cooperation. First, a partnership that ensures the sustainable supply of critical minerals for the energy transition and the European industry. Second, establishing joint projects that promote the environmental and social standards upheld by both actors. Finally, it also offers the opportunity to implement shared value chains in mining technology or industrial machinery. This type of cooperation can also be directed towards small and medium-sized enterprises, which, despite the development generated by CETA, represent a small percentage of total EU exports to Canada. (Hinz et al., 2023)

GRAPHIC 34: Comparison of top EU export and import sectors by partner

Figure 2: Comparison of top EU export and import sectors by partner



Note: Data from UN COMTRADE, own visualization.

SOURCE: Hinz et al. (2023)

The CETA has been a step forward in regulatory cooperation between Canada and the European Union, meaning it can serve as a foundation for collaboration in other emerging industries, which will allow for the diversification of their supply chains. Such agreements between economies and societies that are so similar, at the same level of development, not only boost trade but also well-being. They are, therefore, a crucial resource and opportunity that will provide stability in the balance between China and the US, seeking like-minded partners for the EU, such as Canada. (Hinz et al., 2023)

Furthermore, Canada has also been shaken by the swings of the first and second Trump administrations in terms of tariffs. In 2018, when Donald Trump imposed tariffs on steel and aluminium, Canada and the EU agreed on their incompatibility with WTO rules. From 2016, the start of the first Trump administration, to 2022, trade relations between the European Union and Canada increased, growing 66% in merchandise trade and 46% in services trade. They are also major allies in foreign direct investment, the EU is Canada's second largest partner, after the US, and the volume of Canadian FDI grew by up to 12% in recent years. Similarly, in his second term as President of the US, Trump has announced a 25% tariff on Canadian products and even joked about the country as the '51st state'. (Parlamento Europeo, 2023) Canada has also been suffering for years from economic threats from China and Russia; however, the tariffs imposed by Trump may have eased relations between China and Canada. We therefore observe that Canada is in a very similar position to that of the European Union in strategic terms. (Donovan, Nikoladze & de Kruijf, 2025) Thus, in the face of the uncertainty of Mr. Trump's next moves in this second candidacy as president of the United States and the instability that the international order conveys, Canada and the European Union undoubtedly agree on their interest in keeping international trade functioning and have already shown that they will cooperate in every possible way to prevent the damage that policies, in this case American ones, may cause to their economies as well as to international trade regulations. (Parlamento Europeo, 2023)

Additionally, it is important to highlight another significant avenue of cooperation for the economic security of both actors. Considering the geostrategic relevance that the Arctic is gaining due to the melting ice which opens new maritime routes, the European Union can offer Canada technical cooperation focused on the governance and sustainability values they have in common, as well as the technological knowledge it can provide; a more attractive initiative than what the U.S. alliance can offer, which may exert bilateral pressure. This approach would

undoubtedly strengthen European presence in the Arctic, without the need to resort to military forces, while fostering their relations with Canada and promoting cooperative governance in the region. Arctic routes will impact international trade as they provide a shorter and more efficient means of trade, as well as access to strategic resources, due to the minerals and energy it presents, and could provide stability in supply chains. Thus, the European Union has an opportunity before it to diversify its logistics routes and invest in joint infrastructures while reducing its dependence on other actors. The Arctic offers a great possibility of cooperation to both actors, but also an opportunity for economic projection.

2.3. Defence

In terms of defence, Canada can also be a great ally for the European Union. Being a part of NATO as well, without creating the dependency that the US has generated, the country shows a clear interest in the EU's industrial projects. The PESCO agreement, which opens up the possibility of cooperation with third countries, has allowed Canada to join two projects in recent years: Military Mobility and the Network of Logistic Hubs in Europe and Support to Operations, supporting military operations in Europe and its logistical infrastructure. (Bendiek & Schenuit, 2020)

The field of cybersecurity offers an opportunity, as well as a need, for defence cooperation between the European Union and Canada. The latter, which has already suffered cyberattacks and theft of intellectual property, is showing a clear interest in the organization, which has already developed its own framework of action, the Cyber Diplomacy Toolbox. However, while these initiatives are particularly positive for the European Union and can undoubtedly be attractive to other actors in the international order, they seem to reflect a medium-term strategy, whereas the EU's needs, with the war in Ukraine at its borders and the potential withdrawal of the US in supporting this, call for a short-term strategy. Russian cyberattacks in this case have significantly weakened the technological infrastructures first of Ukraine and then of the European Union, a much more serious danger than the loss of confidential information, as it involves the paralysis of essential services, evidence of the hybrid nature of current wars. An immediately applicable proposal, a format or framework for action with third countries could be very interesting in this matter. (Hajiyeva, 2024)

These two actors also present great potential in energy cooperation and defence, as while the European Union has suffered in recent years from a significant energy dependency that has

made it especially vulnerable to attacks on supply, Canada is a self-sufficient country in this area, with numerous energy resources. On the other hand, Canada, like the EU, is interested in increasing its defence investment, so that while the European Union could diversify its energy sources through an alliance with Canada, Canada could seek the joint development of its security capabilities. (Eurostat, 2024)

Also, in March 2025, the negotiations between Canada and the European Union for cooperation on an industrial defence project became public, which would allow Canada to participate in the production of European combat equipment, as well as offer its facilities for weapon manufacturing. This implies not only a considerable technological transfer but also job creation in the country. Additionally, Canada would have preferential access to the European military equipment market as an alternative to purchasing U.S. equipment, thus strengthening its defence industry while diversifying its suppliers. This, while beneficial for the European Union, is crucial for Canada, a country that is also experiencing rising tensions with the U.S. and has heard multiple times the president's intention or joke that Canada should become the '51st state'. It is a very good example for the EU when it comes to increasing its defence spending as the US requested, without falling into dependence on the American giant. (Congreso Mundial Ucrainiano, 2025)

Both Canada and the EU are seeking to eliminate their individual dependence on the US in multiple areas, as the North American giant has ceased to be a guarantor of security. By reducing this dependence, as well as investing in strategic autonomy, they not only aim to gather power in the global order but also to protect themselves against the unpredictability of Donald Trump. Thus, Canada can act as a trusted partner in reinforcing European military capabilities and strengthening a diverse Euro-Atlantic axis, without the dominance of the United States, a will it has made clear in recent months. Moreover, it should be noted that it has been one of the major supporters of Ukraine outside of Europe.

In conclusion, Canada is the perfect example of the cooperation opportunities that the EU has beyond the balance between China and the US to strengthen its strategic autonomy, and which would also enhance its support for defending multilateralism. The coordination of both countries and a common position for the defence of fair and sustainable trade and respect for international norms has the power to exert international pressure, and could also attract similar actors who, as we have seen, may benefit in the same way. Furthermore, as both actors belong

to multiple common organizations such as the G7, G20, WTO, NATO, UN, etc., it gives them the opportunity to strengthen the power of institutions against the realist logics of great powers, as well as to jointly lead projects, defend international law, or make proposals from common positions, such as new investment pacts or renewals of the WTO; advocating for inclusive governance and a coordinated international response to authoritarian and protectionist trends.

Both actors are references in international cooperation and assistance, and here a window is also opened to strengthen their position and establish future allies, as well as to expand shared values and defend multipolarity. The closure of the United States Agency for International Development (USAID) necessarily implies the release of a space that the US had occupied for years. The European Union, as well as Canada, now have this possibility of expansion before other actors such as Russia or China do; a strategy that, in addition to assisting the development of certain countries, lays the groundwork for productive cooperation and economic connectivity with other regions. Both the EU and Canada have already announced several investment and international assistance initiatives that reflect the defence of democratic values, sustainability, and human rights. (Donovan, Nikoladze & de Kruijf, 2025) The interest of both powers in the defence of multilateralism, also democratic and based on rules, makes them ideal allies to collaborate on the reform of multilateral institutions. This represents a partnership of great potential, beyond their own bilateral relationship, regarding what they have to offer to the world order and the opportunity that it indirectly gives to many other actors to empower themselves through multilateralism, potentially even reaching a multipolar system in the long term. Therefore, bilateral relations for countries outside the European Union today present a third option for the organization outside the US-China tug of war, as 'strategic partnerships.' A more complex reality with no guaranteed benefits, but which maintains hope for an international system based on rights and rules. (Bendiek & Schenuit, 2020)

One of the major difficulties in this matter, as in many international relations, is knowing what the driving force and intention of the actor we are negotiating with is. In line with this vision of multilateralism among middle powers, many of the alliances we have seen recently fit in, such as the aforementioned CETA agreement with Canada, the negotiations by the EU with the Mercosur Group, agreements with Japan, Singapore, Vietnam... but this is a perspective primarily belonging to the European Union and Canada.

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From the most rational point of Realism, these actors are only seeking to achieve maximum power or their greatest benefit; therefore, they are not motivated by the pursuit of a multilateral system and certainly not by the defence of an order based on norms and rights to be respected. Thinking this way will reinforce our sense of insecurity in an anarchic order such as that of international relations and will move us away from cooperation, since according to these guidelines, and knowing that great powers have more to gain in bilateral relations with smaller powers than in their associations, negotiations with the Mercosur Group will fall down the moment China exerts pressure on Brazil, both being members of BRICS, or the US on Argentina, already aware of the devotion between their current presidents. In the same way, we can understand that Japan, due to the regional threat posed by China, will need support of such strength that in the current reality only the United States can offer it, which it will prioritize over any negotiation with a smaller group. This also makes us wonder: would Canada or the European Union be considering this type of cooperation if they were guaranteed protection from the United States?

In contrast, Liberalism provides us with a much more positive lens on the situation. This theory argues that the interdependence between states is so high that the benefits of cooperation outweigh the costs of confrontation and presents institutions as the great facilitators in these relationships. As part of this current, the Democratic Peace Theory is established, which, also inspired by the concept of democratic multilateralism, argues that democratic systems are more likely to cooperate with each other and avoid conflict. Thus, liberalism posits that states can cooperate even if it is not in their immediate self-interest, seeking to ensure the stability of the system in the long term.

In line with this thinking, which has shaped the creation of the European Union itself, Canada and the organization reflect the same way of understanding relationships, in addition to being guided by similar values and goals for the world order. Therefore, starting from such a good foundation for the opportunity that this alliance offers, the strategy should be based on two issues: capacity and policy. First, addressing the common risks that both powers face, with the opportunities that cooperation offers them, as we have presented in the case of innovation and productivity, economic security, and defence, thereby strengthening strategic autonomy and consequently their power in the international sphere. Secondly, it is necessary to start with an internal cohesion that allows for greater effectiveness in its international actions, such as contributions to the UN or other organizations, agencies, and forums, such as the OECD,

NATO, G20, etc. The European Union and Canada, although they are not the most powerful entities in the current international system, are not poorly positioned, and they have multiple ties and alliances, as well as being part of various organizations and systems. This grants them the opportunity to guide the narrative and bring topics to the table. This power is, of course, much stronger with both entities, as their aligned values allow them to coordinate for this. (Bendiek & Schenuit, 2020)

In a moment of transition like the one the international order is experiencing, the EU can find in Canada a partner that greatly advocates for peace and stability, as well as for an international order guided by rules and based on international law, a point that undoubtedly stands out in the role that the European Union can play as a moderating factor in the situation. Therefore, the European Union must institutionalize these relationships in all its areas (digital, defence, economic...) and link them with its global agenda (Global Gateway, strategic autonomy...), thus demonstrating democratic, global and shared leadership.

3. What to do? The defence of multipolarity and a strategic point of view

The first necessary step identified in all the studied areas for the success of the European Union is the need for greater cohesion within the Union, to work first on the internal strength of the organization in order to confront external challenges and present itself as an attractive alternative for other actors. For this, uniform policies are required to unify resources and provide common responses, which is why achieving strategic autonomy is essential. It is required a unified political will that understands that the member countries of the European Union do not have a chance in the international order separately, despite the appeals that China or the USA may offer them in bilateral relations. Without the European Union, its member states would choose to strengthen their relations with the USA or China, which in any case would expose them to an even more vulnerable position where they could hardly rely on other strategic alternatives. This would result in a great dependence on the great powers, likely turning them into satellite countries or zones of influence, since maintaining the balance in this scale poses a challenge even for the European Union itself, one of the major and relevant international powers. Maintaining it, of course for its own benefit and fostering development, would be practically impossible for one of the EU member countries. Thus, it is not surprising that we observe a more conciliatory attitude and a pursuit of cooperation with the organization

on the part of the United Kingdom, nor that both China and the United States are constantly seeking bilateral relations with EU members.

The goal is not to have to choose between both actors, as the dependency this creates exposes vulnerability to threats, which is why a strengthened Union must first be established that can present itself independently as a means of cooperation. Inevitably, this commitment requires greater investment in the organization, as well as the cessation of certain sovereignties, which would allow for more uniform work. And it is the very sacrifice of this investment by the States that will allow us to see the progress and benefits of strategic autonomy: increasing investment in R&D, highlighting European brands as technological leaders, accelerating the European digital market, increasing coordinated defence spending, developing common doctrines, protecting key sectors of the market...

Inevitably, for the fulfilment of these objectives and the internal strengthening of the organization itself in the short term, the European Union should consider multiple internal reforms that are hindering its actions in the international world. As we have already presented, the legislative capacity of the Union is undoubtedly one of its greatest strengths, but it has also received criticism for being costly and resulting in a slowdown. This is also reflected in the decision-making process, as intergovernmentalism has often led to slower implementation of European actions. Europe needs to move from discourse to action, and this requires a change in the requirement of unanimity in foreign and fiscal policy, opting for qualified majority voting, a method already used in other European matters that allows for the implementation of measures agreed upon by the majority, without having to negotiate endlessly with those who oppose. The European Commission, the reflection of supranationalism and the defence of European interests over national ones, must strengthen itself as an executive arm, especially on strategic issues. Additionally, due to the rise of the relevance of security and defence in the international order, and considering the transition that the European Union may be going through in this area, it is advisable to prepare a system that can take on this burden; a specialized security body with crisis management competencies. If the European Union fails to achieve its strategic autonomy in time, it will not be in a position to negotiate and will end up succumbing to the pressures of one actor or another, in a vulnerable state that, as Draghi rightly stated, is a matter that threatens the values, the model of society, and the social organization of the European Union, beyond just poverty.

Starting from this first point, and although throughout this study the obstacles that the United States, and very specifically Donald Trump, are putting on transatlantic relations have been evidenced, the truth is that while the European Union must maintain a firm position and eliminate its dependence on the United States, it cannot, under any circumstances, consider a complete abandonment and, of course, must avoid being on bad terms with the power. This issue is very delicate, considering the temperament of the current president, but also the very pursuit of independence of the American giant. We are faced with another balance in which the EU must reduce its dependence while maintaining the most fruitful relationships possible, in an increasingly tense environment with an actor that is increasing its threats and disdain day by day.

In the commercial sphere, Donald Trump appears unpredictable as well as threatening. As of the days this study is being written, the tension between the two powers remains very present and the president's tariff threats continue. The EU expresses regret over the situation but warns of its countermeasures in case Mr. Trump follows through on his threats. Diplomacy on this issue is key yet complex, as the president of the US seeks a submissive attitude from the European Union, which, while conciliatory, must continue its path towards reducing its dependence on the United States. Thus, the diversification of partners is particularly necessary, as it would reduce Mr. Trump's negotiating power as well as his capacity to harm the organization.

Regarding security and defence, the issue is similar. The European Union and the US already have a significant history of joint cooperation, although it seems to be no longer satisfactory, the ideal would be to seek an adaptation that does not jeopardize such a powerful alliance. The paths of NATO and the EU seem to diverge, but precisely because of this shared past, there are points to hold on to. It is in the search for compatibility that the European Union can be more victorious against an ally that has begun to treat it like an enemy. The European Union must transition to an independent model with a greater variety of allies, but losing the support of the United States is not an option in the immediate future; it is extremely necessary in the face of the Russian threat at the continent's borders, and Donald Trump knows this. So, the European Union must try to keep transatlantic relations as friendly as possible without falling back into dependence on the United States.

Some people appeal to calmness arguing that Donald Trump, for better or worse, will only be in the office of president of the US for 4 years, and although this is true, it does not mean that the European Union should not work on its strategic autonomy, nor that it will be able to trust the United States again once this candidacy is over. Transatlantic relations are being harmed by recent policies, and it is hard to think that what has been a long-standing relationship of trust can recover after the rejection and damage to diplomacy, in addition to trade agreements, that have been caused. It is true that Donald Trump will only be president for the next 4 years, but it is naive to think that consequently his successor will resume relations with the EU without effort; there is also the possibility that his successor will continue down his path, as has been suggested might be the case with JD Vance. In any case, and although it may sound exaggerated, the speed of the world we live in is ever-increasing, and 4 years can mean a lot; the European Union cannot guarantee its future under the protection of any partner. As we have said, we are in a moment of transition in the international sphere in which the figure of the United States is changing, just as its capacity as a power will probably change, so we must think in the long-term considering all possibilities, not only envisioning the best scenario.

For this same reason, along with the multiple benefits presented in this study, the orientation towards China seems more evident than ever. The European Union's rejection of China must change; although it remains a threat, the situation calls for a balance from Europe, opting for dialogue, diplomacy, and knowing how to make the most of the opportunities that the red dragon has to offer is the strategy, as complex as it may be, that is most accurate. China, while it does not need the European Union, is very interested in empowering it, favouring its reduction of dependence on the United States and thus undermining the hegemony of the United States. The complexity in this case lies in the fact that, while the European Union defends a democratic multilateralism through multiple existing institutions grounded in International Law, China is promoting a new system, with its own institutions in which international relations are based on a 'value-free diplomacy'. Regarding this issue, while the EU should continue to defend the international order, from a strategic point of view it is not in its interest to remain outside what could be the future of international relations, so it may have the opportunity, through its participation, to influence this new reality in favour of defending its values. This balance becomes even more difficult considering the large scale that we already juggle between the USA and China, as an excessive approach to China, or to its new system, may further damage transatlantic relations, that is, putting a stone on our own roof. Nevertheless, there is no doubt that China is the best alternative in the quest to eliminate

dependence on the USA and reinforce the strategic autonomy of the Union, which is why the timing and measurement of decisions are key at this moment of transition; what works for us in the short term may not work, and probably will not, in the medium or long term, and vice versa.

From an economic point of view, it is evident that being one of the largest economies in the world, and although both actors already have solid trade relations, the possibility of these increasing, especially in terms of exports, rises in light of the threats of a trade war from the US, which seeks to reduce its trade deficit with the Union. The Chinese middle class is growing, along with its capacity to acquire foreign products, making it seem like the perfect alternative for Europeans. Also, regarding the energy transition and climate change, China and the EU seem to align their thinking, while the current American presidency distances itself from anything that may relate to these issues. Furthermore, improving relations with China would undoubtedly benefit the European Union in technological terms; for example, DeepSeek, unlike ChatGPT, operates through a model that allows for cooperation and offers European companies the opportunity to enter the sector. The transmission of technological knowledge through cooperation would significantly boost European capabilities in multiple areas such as electric vehicles, 5G...

This potential is visible to everyone, but there are two key points necessary for this to happen. The first is the negotiation and perception of the European Union as a single bloc, the aforementioned unity of the Union, a particularly difficult issue, given that we already see countries like Hungary individually pursuing negotiations with Chinese companies. Secondly, a relationship that ensures the transfer of both technology and knowledge from China, a crucial aspect in negotiations and more difficult than it may seem, since in its opening to the international market, China has managed to measure itself and opt only for what benefits itself. Any type of advancement in relations with China that does not incorporate these two points will perpetuate the internal fragmentation of the European Union and will hardly favour its strategic autonomy. (Gerbaudo, 2024)

On the other hand, in terms of defence, the European Union and China do not seem to be so aligned. China is a key supporter of Russia in the production of military machinery for the war in Ukraine, and its lack of closeness to democratic systems has not only clearly determined its positioning but has also allowed it to benefit from market distortions, since while the European

Union imposed sanctions on Russia, Chinese airlines continue to fly over its territory. One of the complexities in this matter arises from the fact that, as all aspects are interconnected, just as strategic decisions and positioning affect the economy, technological alliances will also determine defensive capabilities, which is why Germany has called for the need to decouple from China, as we are facilitating military modernization from the European Union.

In light of the hope that the number of opportunities China seems to offer to the European Union, cases like the war in Ukraine remind us of the true distance that exists between the powers, a matter that China also does not forget, taking for granted what the European response would be to a possible aggression against Taiwan, for example. This is why the definition of partner for cooperation, 'economic competitor and systemic rival', is so accurate; beyond economic issues, the possibilities of cooperation, and the extent of power, as long as China's values as a power continue to differ so much from those of the European Union, I doubt that both powers will cease to be in opposition, directly or indirectly. Therefore, once again, the European Union needs great internal coordination that allows it to send clear messages to China as a union, for instance, the impossibility of maintaining normal relations while it continues to support a war in Europe. (Merics, 2021)

In an internationally competitive and complex system, far from a liberalist approach, there is also a resurgence of protectionist policies that challenge the foundations of economic liberalism. These positions argue that globalization has reached a saturation point, proposing a retreat towards more nationalist approaches. The truth is that economic globalization has been differential for the growth of many powers, as well as for the improvement of the quality of life of most of their societies. The opening of markets and economic integration have provided access to the diversity and expansion of goods and services that have enabled the improvement of health levels, education, and overall well-being. However, leading economists like Dani Rodrik point out that globalization has also contributed to inequality, harming the middle class, which has led to a rise in nationalist populisms. But this protectionism seems to be counterproductive, as in the case of the tariffs imposed by Trump, which have generated uncertainty and harmed global trade. Therefore, most countries do not wish to dismantle globalization. Thus, despite the challenges that globalization presents, it seems evident that a regression in it would imply more harm than benefits, suggesting a regression of capabilities. So, the question is how to address these challenges. Therefore, democratic institutions provide

a means of cooperation for global actors in seeking to, at the very least, minimize the damage. (Rodrik, 2025)

Thus, in the face of the increasing competitiveness between the United States and China, this study advocates for the role of the European Union as a moderating factor, supporting multilateralism which also offers the opportunity for other actors to participate, with the potential to transition towards a multipolar system.

As we have already indicated, this issue is not in the interest of the US, which sees its hegemony threatened. In light of this possibility, Trump is attacking every multilateral institution that could strengthen the power of other actors, which may seem surprising given that it is generally a system created by the United States, and he is opting for protectionism, as well as bilateral relations, to maintain his power and sphere of influence. However, in the past, the European Union has demonstrated its leadership capacity in multilateral projects despite the discontent of the United States, such as with the signing of the Paris Agreement on Climate Change in 2016, ratified by 189 countries. This agreement, denounced by Trump and from which he withdrew in 2020, remains, despite the difficulties, the main international framework for combating climate change. Also, the renewal of the Appellate Body for the resolution of WTO disputes was blocked by Donald Trump, but the European Union managed to gather enough support to create a Multiparty Interim Mechanism for Dispute Settlement. Thus, as we mentioned at the beginning, although the United States holds the hegemony of the international order, it is not capable of alone stopping conflicts, initiatives, or global issues. Not only that, but the European Union, like many other actors, acting in a coordinated manner can influence and lead reforms in the structure and functioning of the multilateral institutional system that outlines the norms of the international order. The European Union has the capacity and opportunity to lead change, either through reforming and adapting the current multilateral system to make it more balanced and in line with the international system, preventing those actors who do not feel included from gaining power and creating a parallel system; or by joining this new system and trying to outline the guidelines for a model to follow in accordance with its values. (García Coso, 2024)

China, for its part, is indeed very open to cooperation, and although it will try to establish the new model it proposes, in which it obviously has more control and allows it to strengthen itself in multiple ways (for example, boosting the use of the renminbi); initially, the growth of mid-

level actors, such as the European Union, which seeks to reduce dependence on the United States, could take precedence, as this would completely displace the North American giant and could allow it to achieve unipolarity without direct confrontation. We should not be confused; this does not mean that China specifically desires the growth of the European Union as a third polar force; rather, it finds the growth of Russia more convenient (a clear decision in its positioning in the war in Ukraine), but the development of any power that could pose a threat to or loss of power for the United States is in its benefit. The narrative that has guided part of European thinking towards China in recent years has been that of the war between democracies and autarchies, and although it is a present reality and everyone defends their values, it is not the primary issue. The scope of power, and in this I rely on Realism, is the main driving force behind the great powers; an example of this is China's own diplomacy, which seeks the most beneficial agreement regardless of the type of regime it is dealing with. Thinking of the war between democracies and autarchies places us on the front line of the conflict, understanding the battle between the US and China. History shows us that when we find ourselves in this way between two blocks, we end up being the battleground, as has happened with the war in Ukraine. (Gerbaudo, 2025)

Therefore, it is not in the interest of the European Union to enter into a bipolar system, just as it should not be in the interest of the rest of the actors, as Josep Borrell (2025) mentioned during his investiture as an honorary doctor by the Pontifical University of Comillas. The former high representative of the European Union (in office when the Russian aggression against Ukraine erupted) emphasized that stabilizing elements are needed, and an integrated Europe is required to assume that role, which is why he called for unity and commitment from the EU in a "rule-less" world.

The European Union should take on this role for its own survival, but the other actors should support it for their own benefit if they implement a forward-thinking policy. Of course, in the short term, China or the USA may offer more beneficial alternatives in their bilateral relations, but these agreements in the long term will generate multiple dependencies that will shape spheres of influence and a bipolar order. In contrast, defending multipolarity with a view towards a multipolar order offers medium actors the independence and security of knowing that the world is governed by rules and that, therefore, it will not be dictated by the strongest. Fortunately, this issue is not only favourable to multiple actors, but some of them firmly believe in this defence, as is the case with Canada. Alliances of this calibre, with powers similar to that

of the European Union, but also convinced of certain values, are the best starting point for the development of this task, as it reinforces European strategic autonomy without isolating itself from the world and supports democratic multipolarity, as opposed to protectionist and/or authoritarian blocs. Following the latest moves by the Trump Administration, other actors wish to position themselves in favour of globalization, having invested in numerous economic flows, so a vision of leadership such as the one proposed, seeking stability in the face of the abrupt changes that hegemonic foreign policy is undergoing and the changes that are anticipated, can be particularly attractive. In such a way that the united European Union, being a reference in legislation and the creation of international standards, has a great capacity not only to consolidate its own strategic autonomy but also to lead diplomatic, legislative, institutional, and political alliances in international relations.

CHAPTER 4
CONCLUSION

Ultimately, to face the challenge posed by the current international order, the European Union must achieve, first and foremost, greater internal cohesion in all areas. The European Union needs to strengthen itself internally, based on a collective will, as European countries are mistaken if they decide to be individualistic within their own region. European countries have cooperation as their most powerful asset, so falling into dependency on third countries or not feeling the war in Ukraine as their own are mistakes that undermine their true power in the international order. In addition, internal fragmentation weakens the EU's bargaining power against major powers. Only through the unity of the Union, projecting a strategic autonomy in defence, economy, politics... and in all areas will it be possible to reduce dependencies on other powers and strengthen the position of the EU in the international order, with greater decision-making capacity.

Consequently, and as a second point, the European Union must be prepared to bear costs, as it needs to improve its productivity and certainly ensure its own security and defence capabilities. So, it will be needed a major investment in key sectors, such as R&D, defence or digitalisation. This will sometimes involve setting aside national priorities and considering certain internal reforms, such as the possibility of a qualified majority vote to overcome certain institutional blockages in foreign policy. This issue is undoubtedly difficult if there is no awareness and political will on the part of its member states, but I emphasize that the cost of inaction will be much greater.

Thirdly, although transatlantic relations have been deteriorated, mostly by Donald Trump, and it is necessary to reduce dependence on the United States, they are fundamental for the EU. The organisation cannot afford to break with the U.S. in the short-term, especially in the face of threats like Russia. So, cooperation must be maintained without allowing subordination, perhaps making way for a balanced and progressive restructuring of the relations, as friendly as possible.

In fourth place, regarding the relations with China, the Asiatic giant seems to be the solution for the EU to decouple from the US, but it is both an opportunity and a risk. China can offer many technological and economic benefits among others, but it can also generate significant

tensions due to its lack of alignment with European values and its support for Russia in the war in Ukraine. Therefore, negotiations with China should be cautious and strategic, conducted jointly, seeking technological transfer while firmly maintaining European values, a joint position inside of the organisation and being clear that this would be cooperation with a systemic rival.

In fifth place, in light of the emerging bipolarity between the United States and China and at a time of transition like the one we are experiencing, the European Union has the opportunity to lead a multilateral project based on norms, with the support of other middle powers that ideally share democratic values and a vision of a plural international order, as is the case with Canada. This alliance may offer a solid alternative to other actors looking for an international order fairer and more balanced. The fact that both share democratic values and a common vision of the international order enables very effective coordination in international forums and when leading policies and initiatives in trade, international assistance, and the defence of human rights. This cooperation would also strengthen the strategic autonomy of both actors through concrete policies that address security, innovation, or economic security, potentially reducing their dependencies on the stronger powers.

Finally, despite the rise of protectionism also aiming to present itself as an alternative to the difficulties of our times, the reversal of globalization would have even more negative effects. Therefore, the European Union must lead the reform and defence of free trade and global cooperation, mitigating inequalities and serving as a stabilizer in an increasingly polarized international system, thereby leading a multipolar and democratic model. To do this, it must rely on other allies and lead without isolating itself, creating bridges that allow for the defence of the international order based on norms. The Union has the opportunity to act as a central player in global governance that promotes stability. The European Union must seek to adapt, betting on a regulated and fair globalization, which will only be possible from a united, autonomous, and strategic position.

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