



The **ATLANTIC DILEMMA**: Reassessing **EUROPE**'s **PRIMARY STRATEGIC CHALLENGE**

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AUTHOR'S BACKGROUND

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Prof. WONG (Eric) has served on more than 3,000 top-tier International Conference Chairs, Scientific/Publicity Chairs & Program/Technical Committees. Since 2005, he has actively participated in 52 International Journals as Editor-in-Chief, Associate Editor, & Member of the Journal Editorial Board Committee. He is currently a Fellow, Professional & Individual member of 12 Internationally renowned Professional Organizations (IEEE, ACM, AAAI, IIBA, ISACA, AIP, BCS, IOA, ACL, CAIAC, AAIA & ICAIL).

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INTRODUCTION: THE PARADIGM OF FEAR

For over half a century, Europe's strategic paradigm was defined by a singular, overwhelming, and geographically specific fear: the existential military threat posed by the Soviet Union and the Warsaw Pact across the Inner-German border. This Cold War "paradigm of fear" was remarkably clean in its clarity. It organized alliances (NATO), dictated defence postures, justified political and economic integration, and created a predictable, if terrifying, bipolar stability. The primary challenge was unequivocal, emanating from the East, and the required response—deterrence through collective defence anchored by American power—was largely undisputed. This monolithic fear collapsed with the Berlin Wall, giving way to a post-1991 era characterized by a "paradigm of hope": the belief in the irresistible expansion of a liberal, rules-based order through enlargement of the EU and NATO, and the transformation of former adversaries through integration and soft power.

Today, that optimistic paradigm has shattered, and fear has returned as the organizing principle of European strategy. However, the contemporary "Atlantic Dilemma" lies not in the return of fear itself, but in its debilitating multiplicity and the agonizing strategic reassessment this forces. Europe now faces not one overriding threat, but a concurrent and interconnected triad of challenges, each demanding different resources, mentalities, and partnerships, and each pulling Europe's gaze and resources in a different direction. To the East, a revanchist Russia has weaponized energy, migration, and information to wage a hybrid war, culminating in the brutal, conventional invasion of Ukraine—a direct assault on the post-Cold War security order that resurrects the specter of large-scale interstate conflict on European soil. To the South, across the Mediterranean, lie the diffuse but potent challenges of state fragility, terrorism, and demographic pressures exacerbated by climate change, which drive instability and migration. And woven throughout, the "systemic rivalry" with China presents a fundamental long-term challenge to Europe's economic model, technological sovereignty, and the broader Western-led geopolitical order, while also being an indispensable economic partner.

The core dilemma, therefore, is one of prioritization and capability within this new paradigm of compound fear. Does Europe primarily re-arm and pivot eastward to meet the acute Russian threat, potentially at the cost of attention to its southern flank and its capacity for autonomous action? Can it simultaneously deepen its dependency on the United States for conventional deterrence while pursuing "strategic autonomy" to hedge against a future American retrenchment? And how does it reconcile the urgent need for immediate territorial defence with the long-term, existential necessity of navigating the U.S.-China rivalry without becoming a mere pawn? Reassessing Europe's primary strategic challenge is no longer an academic exercise; it is a fraught and urgent imperative that will determine whether Europe can defend its interests, preserve its values, and maintain its cohesion in an era where the paradigms of hope and singular fear have been replaced by the paralyzing yet pressing dilemma of triage.

- The Prevailing Narrative: Russia as an Existential Threat, China as a Systemic Rival

The prevailing narrative framing Europe's strategic challenges—with Russia as an existential threat and China as a systemic rival—offers a useful but increasingly insufficient dichotomy. This framework, born of immediate trauma and longer-term structural analysis, accurately captures a hierarchy of dangers but risks compartmentalizing interconnected threats and obscuring the full scope of Europe's primary strategic challenge: the erosion of its sovereignty, prosperity, and normative influence in an era of great power competition.

Russia's designation as an existential threat is rooted in direct, kinetic aggression that violates the foundational postwar European security order. The full-scale invasion of Ukraine demonstrated a willingness to redraw borders by force, employing energy and migration as hybrid weapons, and directly threatening NATO's eastern flank. This threat is existential in the traditional, territorial sense: it challenges the physical security and political integrity of European states. The response has necessitated a massive re-militarization of European defense, a painful energy decoupling, and a reinvigoration of the transatlantic alliance. However, focusing predominantly on this acute, theater-based threat can consume strategic bandwidth and resources, potentially at the expense of addressing deeper, systemic shifts.

Concurrently, China is correctly identified as a systemic rival, a formulation acknowledging a relationship of profound economic interdependence intertwined with fundamental value competition. The rivalry is systemic because China's state-capitalist model, its global infrastructure and technology ambitions (like the Belt and Road Initiative), and its authoritarian governance challenge the liberal international order and Europe's economic base. Unlike Russia, China's power projection is primarily economic and technological, creating dependencies in critical sectors (rare earths, green tech, telecommunications) and leveraging market access to mute political criticism. The challenge is not an immediate invasion but a gradual restructuring of global rules, supply chains, and technological standards in ways that may marginalize Europe.

The true Atlantic Dilemma lies in reconciling and resourcing responses to these two challenges simultaneously, recognizing that they are not separate silos but a linked strategic environment. Over-investment in hard security against Russia could leave Europe technologically and economically vulnerable to Chinese coercion. Conversely, prioritizing economic engagement with China to fund social models and green transitions could undermine the unity and moral authority needed to counter Russian aggression. Furthermore, this binary view can obscure the synergistic axis between Moscow and Beijing, whose “no-limits” partnership, however asymmetrical, aims to dilute Western influence and create a multipolar world order less constrained by liberal norms.

Thus, Europe's primary strategic challenge is the integrated management of a dual-front contest: defending its eastern frontier against a revanchist, disruptive power while securing its economic future and technological sovereignty against a more powerful, patient systemic rival. This requires a holistic reassessment that moves beyond narrative convenience. It demands a significant increase in defense spending and a coherent, EU-wide de-risking strategy toward China; a fortified NATO and accelerated steps toward European strategic autonomy; energy security and supply chain resilience. Ultimately, the dilemma tests whether Europe can act as a cohesive, strategic actor capable of defending its interests and values across multiple domains, lest it finds itself perpetually reactive, caught between an immediate hammer and a gradual vise.

- The Contention: America as the Unrecognized Primary Source of Strategic Vulnerability

The Atlantic Dilemma, at its core, presents a profound paradox: the very alliance that has guaranteed Europe's security and prosperity for seven decades—the partnership with the United States—is also the primary source of its deepest strategic vulnerabilities. This contention posits that while external powers like Russia or systemic challenges like demographic decline are often cited as primary threats, it is the structural dependencies and strategic choices emanating from Washington that create the most acute and potentially existential risks to European autonomy and stability. The dilemma is not one of hostility, but of asymmetric interdependence and diverging priorities, where European interests are increasingly subordinated to American domestic politics and grand strategic calculations in which Europe is a variable, not a constant.

Historically, Europe's security was outsourced to NATO, a framework ultimately reliant on American military power and nuclear guarantee. This created a "strategic infantilization," stunting the development of a coherent, autonomous European defense capability. The vulnerability here is twofold: first, the capricious nature of American commitment, which can pivot dramatically with electoral cycles, as evidenced by the Trump administration's transactional view of NATO and potential future iterations of this sentiment. Second, this dependency ensures that European capitals are inevitably drawn into Washington's global strategic confrontations, particularly with China, necessitating a posture that may contradict their own economic and diplomatic interests. The AUKUS submarine pact, which blindsided and marginalized European allies, stands as a stark emblem of this reality—a reminder that the U.S. will act unilaterally when it perceives its own advantage.

Economically and technologically, vulnerability is equally pronounced. The dominance of the U.S. dollar grants Washington extraterritorial power through sanctions, forcing European companies into compliance with American foreign policy diktats, often at significant commercial cost. Furthermore, European technological sovereignty is undermined by reliance on American Big Tech platforms, cloud infrastructure, and, critically, U.S. security apparatus data-sharing agreements that place European citizen data within reach of U.S. intelligence laws. The Inflation Reduction Act, with its massive subsidies for domestic green industry, explicitly prioritized American re-industrialization at the potential expense of European industry, revealing how even aligned policies can become vehicles for economic predation.

Thus, the primary strategic challenge for Europe is not merely managing a resurgent Russia or navigating the rise of China, but the foundational task of recalibrating the transatlantic relationship to mitigate the vulnerabilities inherent within it. This requires a painful and expensive journey toward strategic sovereignty—building credible, integrated European defense structures, fostering financial and technological independence, and developing the political will to articulate and defend a distinct European *Weltpolitik*.

The dilemma is that the pursuit of this essential autonomy risks provoking the very American disengagement Europe fears, yet its continued avoidance guarantees perpetual strategic subordination and exposure to vulnerabilities whose sources lie not in Moscow or Beijing, but in the unpredictable political winds of Washington. The ultimate challenge, therefore, is an internal one: overcoming decades of strategic complacency to forge a new European pillar in the West that is a true partner, rather than a dependent, of the United States.

- Scope and Methodology: Analyzing Hard Power, Soft Power, and Structural Dependence

The Atlantic Dilemma, at its core, represents Europe's urgent and multifaceted struggle to define its strategic sovereignty in a world of renewed great power competition. Its primary challenge is no longer a singular, monolithic threat but a complex trilemma requiring simultaneous navigation across three interdependent dimensions: a resurgent hard power threat from Russia, the deepening structural dependencies within and beyond the Atlantic alliance, and the contested erosion of Europe's soft power influence. Analytically, this reassessment demands a methodology that moves beyond traditional, siloed security studies to examine the dynamic interplay between these forces.

In the realm of hard power, the 2022 full-scale invasion of Ukraine shattered decades of post-Cold War assumptions, re-establishing territorial defense and conventional military capability as Europe's most immediate and stark challenge. This analysis reveals a profound capability-expectations gap: despite increased spending, European militaries remain fragmented, suffer from critical ammunition and systems shortfalls, and are structurally dependent on the United States for extended deterrence and high-end enablers. The hard power dilemma is thus twofold: how to rapidly rebuild credible conventional deterrence against Russia while managing the risks of either perpetual U.S. dependency or a fracturing of NATO cohesion under the strain of divergent threat perceptions and political currents on both sides of the ocean.

Concurrently, Europe's structural dependence forms the often-invisible bedrock of its strategic vulnerability. This extends beyond military logistics to encompass energy (despite diversification away from Russia), critical raw materials, technology, and trade infrastructure. Dependence is not solely external; it is also embedded within the Atlantic alliance itself, where U.S.-dominated financial systems, technology platforms, and diplomatic leverage create asymmetric ties. The methodology here must assess "strategic exposure," particularly the tension between dependence on the U.S. for security and dependence on China for economic growth and green transition materials. Europe is caught in a pincer movement, where decoupling from one power may increase reliance on the other, forcing a precarious balancing act that challenges its economic model and political unity.

Finally, the soft power landscape, once a domain of unchallenged European strength, is now a battleground. The universal appeal of its democratic model, rule of law, and social market economy is under concerted attack from authoritarian narratives and internal illiberal movements. Russia's disinformation campaigns and China's "sharp power" seek to amplify Europe's internal divisions, erode public trust in institutions, and stymie cohesive foreign policy. Analyzing this dimension requires measuring the resilience of democratic societies and the potency of Europe's normative appeal in the Global South, where its stance on issues like Ukraine, migration, and climate is often met with skepticism or viewed through a post-colonial lens. Europe's ability to project cohesive values is now a strategic variable directly impacting its ability to build coalitions and shape global norms.

Therefore, reassessing Europe's primary strategic challenge concludes that it is not one of these elements in isolation, but their synergistic tension. The hard power threat from Russia necessitates greater Atlantic solidarity, which in turn amplifies concerns over structural dependence on the U.S. Pursuing "strategic autonomy" to mitigate these dependencies risks undermining the hard power deterrence it requires and demands a soft power narrative that can unite a fragmented polity and attract global partners. The true Atlantic Dilemma is thus the integrated challenge of achieving security without subordination, prosperity without vulnerability, and influence without hegemony, all while the strategic ground shifts beneath its feet.

PART I: THE ANATOMY OF EUROPEAN DEPENDENCIES

CHAPTER 1: THE SECURITY GUARANTOR OR SECURITY VACUUM? THE NATO PARADOX

The Atlantic Dilemma facing Europe today revolves around a profound and unsettling paradox within the NATO alliance, forcing a fundamental reassessment of the continent's primary strategic challenge. On one hand, NATO stands as history's most successful military pact, an unambiguous Security Guarantor that has ensured European stability for over seven decades. Its foundational promise—Article V's collective defense clause—deters adversaries and provides a nuclear umbrella underwritten ultimately by American power. This guarantee, however, has fostered a deep-seated dependency, often critiqued as a form of strategic infantilization, where European allies have under-invested in defense capabilities, assuming the United States would perpetually lead. Herein lies the NATO Paradox: the very mechanism that guarantees European security has simultaneously cultivated a Security Vacuum in terms of autonomous European strategic capacity, leaving the continent vulnerable to the winds of American political will.

This vacuum is not merely theoretical but starkly operational. European militaries, despite aggregate GDP that rivals the US, suffer from fragmentation, capability gaps, and chronic underfunding—a reality brutally exposed by the war in Ukraine, which revealed shortages in everything from artillery shells to air defense. The dilemma is exacerbated by a growing strategic divergence across the Atlantic. While European security is acutely focused on the existential threat from Russia on its eastern flank, US grand strategy is increasingly oriented toward long-term competition with China in the Indo-Pacific. This divergence risks turning the European theater into a secondary priority for Washington, raising terrifying questions for European capitals: would the US risk Los Angeles for Lisbon or Riga? The credibility of the security guarantee, the very heart of NATO, is thus subtly but perceptively eroded by geopolitical re-prioritization, internal American political volatility, and the theoretical possibility of a future US administration questioning the alliance's value.

Consequently, Europe is trapped between the imperative of burden-sharing within NATO—bolstering the traditional guarantor model—and the urgent need to develop a meaningful strategic autonomy to fill the potential vacuum. The former path requires massive, sustained investment to transform European forces into full-spectrum, interoperable partners for the US, thereby reinforcing the transatlantic bond. The latter path, championed notably by France, seeks to build a sovereign European defense pillar, potentially through the European Union, as a complement or even a future alternative to NATO dependency. Yet this ambition itself is paradoxical, as it risks undermining NATO unity by appearing to duplicate structures or decouple from US leadership, potentially encouraging the very American disengagement Europeans fear.

Therefore, Europe's primary strategic challenge is no longer simply managing an external threat, but navigating this internal alliance paradox: how to reinforce the American security guarantee while preparing for its possible diminution, without triggering that very outcome. The path forward demands a delicate, expensive, and politically fraught balancing act—investing deeply in NATO while simultaneously building a cohesive European strategic identity, lest the continent finds itself, in a crisis, caught between a distracted guarantor and an unprepared vacuum.

1.1. Collective Defense or Strategic Delegation? The Erosion of European Autonomous Defense

The Atlantic Dilemma facing Europe today represents a profound and unresolved tension between the imperative of collective defense, primarily through NATO, and the long-term consequences of strategic delegation to the United States. For over seven decades, the transatlantic alliance has provided an unparalleled security guarantee, allowing European nations to enjoy stability and focus on economic integration under the American nuclear and conventional umbrella. This arrangement, however, has fostered a deep-seated culture of dependency, often termed "strategic delegation," where European capitals have consistently under-invested in and under-coordinated their own defense capabilities, preferring to rely on Washington's strategic direction, logistical backbone, and high-end military assets. The core of the dilemma is that this delegation, while efficient and comforting, has systematically eroded the continent's capacity for autonomous action, creating a "sovereignty gap" that becomes glaringly evident whenever American priorities shift or political winds change in Washington.

This erosion is not merely about defense spending percentages but encompasses a holistic decay of autonomous strategic capacity. It manifests in fragmented defense procurement that prevents interoperability, atrophied strategic enablers (from intelligence satellites to airlift capacity), and a lack of integrated command structures outside the NATO framework. The war in Ukraine has brutally exposed these vulnerabilities, revealing Europe's alarming shortages in ammunition stockpiles, air defense systems, and conventional deterrence, forcing a frantic scramble to resupply Kyiv that has stretched national inventories to their limits. The dilemma is thus sharpened: the very framework that guarantees immediate security (NATO) also perpetuates the conditions that undermine European strategic autonomy. Calls for "European sovereignty" from Paris and Brussels clash with the pragmatic reality that, in a crisis, Eastern European capitals look instantly to Washington, not Berlin or Paris, for ultimate reassurance against existential threats.

Consequently, reassessing Europe's primary strategic challenge is no longer an academic exercise but an urgent necessity. The challenge is dual in nature: it is about strengthening the European pillar of NATO for collective defense while simultaneously building a credible, autonomous capability for strategic action where NATO as a whole may not choose to engage, or where U.S. leadership may be absent. This involves navigating a precarious path—avoiding the mortal danger of decoupling from the American guarantee while halting and reversing the corrosion of autonomous capability. The solution lies not in replacing NATO but in constructing a genuine European Defense Union within it, one with coherent strategic planning, pooled procurement for critical capabilities, and the political will to act. The ultimate test of this reassessment will be whether Europe can transition from a consumer of security to a true co-producer and, in select domains, an independent actor, thereby resolving the dilemma by making collective defense stronger through a more capable and self-reliant Europe.

1.2. The "Pivot to Asia" and European Insecurity: American Priorities and European Frontlines

The Atlantic Dilemma, at its core, revolves around the painful and necessary reassessment of Europe's primary strategic challenge in an era of great power competition. For decades, European security was axiomatically anchored by an American strategic focus that viewed the North Atlantic Treaty Organization (NATO) and the European theater as the principal arena of global engagement. The United States' deliberate and bipartisan "Pivot to Asia" (later framed as "rebalancing" or the Indo-Pacific strategy) fundamentally altered this calculus. While intellectually understood in European capitals as a rational American response to China's rise, this shift has engendered a deep-seated insecurity, revealing that Europe's strategic challenge is no longer singular but dual-faceted: managing a resurgent and revisionist Russia on its immediate frontlines, while simultaneously navigating an alliance with a superpower whose primary attention and resources are increasingly allocated elsewhere. This creates a profound strategic dissonance: American priorities are geographically and thematically oriented toward the Indo-Pacific, yet Europe's most acute military threats remain on its eastern flank, in Ukraine and the Baltic states.

This divergence has thrust Europe into an uncomfortable position of frontline vulnerability. The 2022 full-scale Russian invasion of Ukraine crystallized the nightmare scenario where a European war of aggression demands immense, sustained commitment, precisely as American strategic thinking is dominated by Chinese naval expansion, technological competition, and Taiwan contingencies. European insecurity thus stems not from American abandonment, but from strategic distraction and the inherent resource constraints of even a superpower. The dilemma is exacerbated by internal European frailties—decades of underinvestment in defense, fragmented procurement, and strategic complacency under the American security umbrella. Consequently, Europe faces the "Atlantic Dilemma" in its starkest terms: it must urgently and substantially bolster its own conventional deterrence and defense capabilities to handle the Russian threat independently, while also demonstrating enough utility and burden-sharing in the Indo-Pacific—through naval deployments, diplomatic alignment on China, and trade policies—to justify continued American strategic investment in European security. The fear is a "transactionalization" of the alliance, where U.S. support becomes contingent on European value in the Asian theater, rather than being an article of faith.

Ultimately, reassessing Europe's primary strategic challenge leads to an unavoidable conclusion: the challenge is existential autonomy. The American pivot forces Europe to confront its own capacity—or lack thereof—to serve as the primary guardian of its own security order. This does not render NATO obsolete; indeed, the alliance has been revitalized by the Ukraine war. However, it fundamentally redefines its purpose from a permanent guarantee of European security by the U.S. to a framework that enables European self-sufficiency backed by American strategic depth and nuclear assurance.

The dilemma, therefore, is a catalyst. The path forward requires Europe to rapidly mature into a credible, integrated, and capable military power that can hold the frontline against Russia, thereby freeing the U.S. to focus on Asia without creating a power vacuum that adversaries would exploit. Success means a more balanced, resilient transatlantic partnership. Failure risks either a vulnerable Europe abandoned to its neighborhood threats, or an overstretched America unable to effectively address either theater, to the benefit of both Moscow and Beijing. The Atlantic Dilemma is, in this light, the defining crucible for the next generation of European statecraft.

1.3. Case Study: Fluctuating U.S. Commitments from the Balkans to Ukraine

Europe's primary strategic challenge in the 21st century remains the Atlantic Dilemma: the tension between its deep, institutionalized dependency on the United States for its ultimate security and the imperative to develop a credible, autonomous strategic capacity in the face of America's fluctuating focus and commitments. This dilemma is not new, but its contours have shifted dramatically from the post-Cold War unipolar moment to the current era of renewed great power competition. The trajectory from the Balkan conflicts of the 1990s to the ongoing war in Ukraine provides a compelling case study of this evolution, revealing both Europe's incremental progress and its persistent vulnerabilities. During the disintegration of Yugoslavia, European powers demonstrated their political and military impotence, failing catastrophically to halt genocide on their own continent. The United States, initially reluctant, was ultimately compelled to intervene decisively in Bosnia and later Kosovo, not only to end the conflicts but to rescue European credibility and stabilize NATO's southern flank. This period cemented a reality: Europe possessed neither the integrated command structures, the rapid deployment capabilities, nor the political unity to act as a serious strategic actor without American leadership and hardware.

The war in Ukraine, however, presents a more complex and matured phase of this dilemma. Initially, the European response to Russia's 2022 invasion appeared to follow the old pattern—awaiting American direction and relying on U.S. intelligence, weaponry, and strategic framing. Yet, a significant shift has occurred. Europe, galvanized by the immediacy of the threat, has undertaken unprecedented steps: invoking the European Union's (EU) "European Peace Facility" to finance arms deliveries, implementing sweeping sanctions packages, and embarking on a historic rearmament, with Germany's *Zeitenwende* as a prime example. However, these strides are perpetually shadowed by the volatility of American domestic politics. The stark fluctuations in U.S. commitment—from the robust, bipartisan support of the Biden administration to the "America First" skepticism of the prior Trump era and the ongoing congressional battles over aid packages—have injected a profound anxiety into European capitals. They are now actively reassessing their strategic challenge not as one of a single, predictable patron, but of a necessarily powerful yet potentially unreliable ally.

Consequently, the Atlantic Dilemma today is defined by a dual reckoning. First, Europe recognizes that the U.S. security guarantee, while still foundational, is no longer a constant. This has finally provided the political catalyst for serious discussions on European strategic autonomy, including bolstering European pillar within NATO, enhancing defense industrial integration, and developing EU-level operational planning capacities. Yet, second, the Ukrainian case simultaneously exposes the vast chasm between political rhetoric on autonomy and tangible, timely military capability. Europe's defense industries remain fragmented, stockpiles are depleted, and strategic cultures differ wildly from Warsaw to Paris. Thus, the core challenge is no longer merely about responding to a crisis in the Balkans, but about managing a generational confrontation with Russia while preparing for a future where American engagement cannot be assumed. The dilemma is now a race against time: can Europe build the substantive autonomous capacity to act as a true strategic pole before the next crisis or political shift in Washington fundamentally tests, or even ruptures, the Atlantic bond that has underwritten its security for 75 years? The fluctuating U.S. commitment, therefore, is not just a peripheral concern but the central variable forcing Europe's most critical strategic reassessment since the end of the Cold War.

CHAPTER 2: ECONOMIC INTERDEPENDENCE AND ASYMMETRIC VULNERABILITY

The phrase "The Atlantic Dilemma" encapsulates the core strategic quandary facing contemporary Europe: the tension between its enduring, foundational security dependence on the United States within the North Atlantic framework and its deepening, inescapable economic interdependence with China. This dilemma forces Europe to navigate a precarious path where its primary security ally and its primary economic partner are engaged in intensifying systemic rivalry. At the heart of this challenge lies the critical issue of economic interdependence and asymmetric vulnerability. Europe's prosperity is inextricably linked to complex global supply chains, open markets, and access to critical technologies, many of which are anchored in or flow through China. This relationship, however, is fundamentally asymmetrical. While China represents a massive market for European luxury goods, machinery, and automobiles, European dependence on China for critical raw materials (like rare earths), green technology components (such as solar panels and battery precursors), and pharmaceuticals is acute and structurally difficult to diversify. Conversely, China's economy, though impacted by access to European high-tech and engineering, is less vulnerable to sudden disruptions from Europe due to its larger domestic market, state-directed industrial policy, and ability to leverage alternative partners.

This asymmetry translates into significant strategic vulnerability. Economic interdependence, once viewed through a purely liberal lens as a force for peace and mutual gain, is now weaponizable. China's potential to employ trade restrictions, investment screening, and coercive economic statecraft—as seen in past disputes with other nations—exposes European industries and member states to political pressure. The dilemma is sharpened by the fact that the sectors of deepest interdependence, like green and digital transitions, are precisely those vital for Europe's future sovereignty and geopolitical relevance. Thus, the vulnerability is not merely economic but existential, affecting Europe's ability to pursue autonomous policy goals, defend its normative values on human rights or rule-based trade, and maintain a cohesive stance within the transatlantic alliance. Washington's push for decoupling or "de-risking" further strains Europe, which must balance avoiding provocative confrontation with Beijing with demonstrating reliability to Washington. Consequently, reassessing Europe's primary strategic challenge necessitates a painful and costly rebalancing: building resilient supply chains, fostering strategic autonomy in critical sectors, and forging new partnerships, all while managing the inevitable costs to its economy and the persistent gravitational pull of the Chinese market. The Atlantic Dilemma, therefore, is ultimately a test of Europe's capacity to transform its economic weight into coherent strategic power without fracturing its internal unity or its foundational transatlantic bond.

2.1. The Dollar's Dominance: Financial Sanctions as a Transatlantic Double-Edged Sword

Europe's primary strategic challenge in the 21st century is the fundamental and often painful process of reassessing its place within the Atlantic Alliance and the global order. For decades, the European project operated under a stable, if sometimes grudging, American security guarantee, allowing the continent to focus on integration and soft power. However, the return of great power competition, crystallized by Russia's invasion of Ukraine, has shattered this complacency. The dilemma is acute: Europe's immediate security is utterly dependent on NATO and American military might, a reality reinforced by the war on its eastern flank. Yet, simultaneously, a growing strategic divergence with the United States—whether regarding China, industrial policy, or the future of multilateralism—demands that Europe develop a more autonomous capacity to act, both militarily and politically. This creates a precarious balancing act. Pushing too hard for "strategic autonomy" risks undermining the very transatlantic bond that provides its core defense, especially in an era of potential American retrenchment. Conversely, failing to build genuine capabilities leaves Europe vulnerable to the whims of U.S. domestic politics and ill-prepared to defend its distinct economic and normative interests in a world where Washington increasingly views alliances through a strict lens of competitive advantage. Thus, Europe's core challenge is no longer merely external but internal: forging a unified geopolitical identity and the concrete tools to support it, while meticulously managing an indispensable but increasingly transactional partnership with Washington.

The weaponization of dollar dominance through financial sanctions, most notably against Russia, has revealed a potent but deeply double-edged sword for the transatlantic alliance. Initially, the unprecedented scale of sanctions demonstrated remarkable Western unity and inflicted severe short-term disruption on the Russian economy, showcasing the power of the U.S.-led financial system as a tool of coercive statecraft. However, the long-term strategic consequences are triggering significant blowback and anxiety, particularly in Europe. Firstly, the sanctions have accelerated a global push for de-dollarization, as rival powers and neutral states, fearing similar vulnerability, actively seek alternative financial channels, digital currencies, and bilateral settlement mechanisms. This gradually erodes a key pillar of Western economic influence. Secondly, and more acutely for Europe, the extraterritorial reach of U.S. sanctions policy—whereby European companies must comply or face exclusion from the dollar system—has reignited tensions over sovereignty and economic sovereignty. While aligned on the goal of pressuring Russia, European capitals chafe at the fact that Washington ultimately controls the leverage. Furthermore, Europe bears a disproportionate share of the sanctions' collateral economic damage, from energy shocks to lost markets, while the dollar's role as the global safe-haven currency often benefits the U.S. economy during crises. This dynamic creates a dangerous paradox: the very tool that proves transatlantic power also highlights European dependency, incentivizes adversaries to dismantle the Western-centric financial order, and sows the seeds of future transatlantic friction over the costs and control of economic warfare.

2.2. Technology and Data: Extraterritoriality of U.S. Law (CLOUD Act, FISA)

The Atlantic Dilemma, traditionally framed around shared security interests and economic interdependence, is being fundamentally reshaped by the extraterritorial reach of U.S. technology and data law, presenting Europe with a primary strategic challenge that tests the very foundations of trust and sovereignty within the alliance. At its core, the conflict arises from the U.S. legal architecture, notably the CLOUD Act and Section 702 of FISA, which collectively assert a global jurisdiction over data. The CLOUD Act allows U.S. authorities to compel U.S.-based technology companies—regardless of where the data is physically stored—to produce user data, even if that data belongs to European citizens and is held on servers within the EU. This directly clashes with the European legal paradigm, exemplified by the GDPR and the emerging data sovereignty agenda, which is built on the principles of territoriality, fundamental privacy rights as a cornerstone of citizenship, and the control of digital assets within its own jurisdictional space.

This legal collision transcends a mere regulatory dispute; it represents a profound strategic challenge for Europe on multiple levels. First, it creates a glaring asymmetry of power: European authorities often face legal and political hurdles when seeking data from U.S. companies, while the reverse is not true, placing European citizens and governments at a perceived disadvantage. Second, it fuels deep-seated fears of systemic surveillance and economic espionage, as FISA's provisions, particularly its broad scope for foreign intelligence gathering, are viewed with immense suspicion in European capitals. This erodes the political trust essential for intelligence-sharing on other security fronts. Finally, it accelerates a strategic decoupling in the digital sphere, pushing Europe toward costly and complex initiatives to foster its own tech champions, develop sovereign cloud infrastructures (GAIA-X), and enact laws like the Data Governance Act to reduce dependency. Thus, the dilemma is no longer merely about balancing Atlanticism with autonomy in defense or trade, but about navigating an inextricable interdependence with a partner whose legal framework inherently undermines European sovereignty in the most critical domain of the 21st century—data. The challenge for Europe is to negotiate this tension without fracturing the alliance, seeking durable executive agreements under the CLOUD Act while simultaneously building the independent capacity to assert its own digital destiny.

2.3. Energy: From Atlantic LNG Dependence to the Substitution of Russian Gas

The so-called "Atlantic Dilemma" at the heart of Europe's strategic reassessment is fundamentally a crisis of energy sovereignty, forced into the open by Russia's war in Ukraine. For decades, Europe's primary energy challenge was framed as a tension between Atlanticist loyalty and pragmatic dependence on Russian pipeline gas, which offered cheap, reliable volumes but created deep strategic vulnerability. The war shattered this paradigm, transforming "dependence" into an active geopolitical weapon. The immediate, Herculean task became the substitution of over 150 billion cubic meters of Russian gas annually—a feat achieved through a frantic, multi-pronged strategy. This involved a dramatic surge in LNG imports, primarily from the Atlantic Basin (the United States, Qatar, and to a lesser extent, African producers), accelerated deployment of renewables, demand reduction, and increased coal use in the short term. The United States, as both a strategic ally and the world's top LNG exporter, emerged as Europe's energy savior, with its LNG share in EU imports skyrocketing from 28% in 2021 to over 40% in 2023.

However, this rapid pivot has not resolved the dilemma; it has reframed it. Europe has successfully substituted the supplier but has traded one form of external dependency for another, transitioning from reliance on Russian pipelines to reliance on global, and particularly Atlantic, LNG markets. This new dependency introduces different vulnerabilities: exposure to volatile global spot prices, competition with Asian buyers, and the geopolitical whims of other supplier states. Moreover, the Atlantic LNG solution, while politically aligning with NATO cohesion, carries significant economic and strategic costs. It has locked Europe into long-term, dollar-denominated contracts that are often more expensive than previous pipeline gas, fueling inflation and deindustrialization fears. Strategically, while diversifying away from Russia was imperative, over-reliance on Atlantic LNG risks constraining Europe's foreign policy autonomy, binding it tightly to U.S. strategic priorities and global market dynamics.

Therefore, Europe's primary strategic challenge is no longer merely about substitution, but about managing this transition toward true resilience. This requires navigating a delicate balance: maintaining sufficient Atlantic LNG imports for security while aggressively accelerating the domestic clean energy transition (renewables, hydrogen, biomethane) to reduce fossil fuel dependency altogether. The ultimate goal must be to transform the energy crisis into an opportunity for strategic autonomy. This entails building integrated energy networks within Europe, massive investment in storage and grid flexibility, and forging new "green" partnerships, such as in the Mediterranean or with North Africa, for renewable hydrogen. In this reassessment, the Atlantic alliance remains a cornerstone of security, but Europe's energy future—and thus its core strategic sovereignty—increasingly depends on its ability to harness its own technological and industrial capacity to build a post-fossil fuel system, thereby resolving the dilemma by transcending its traditional terms.

PART II: MANIFESTATIONS OF AMERICAN POWER AS DISRUPTION

CHAPTER 3: THE UNILATERALIST IMPULSE AND INSTITUTIONAL EROSION

Europe's primary strategic challenge in the early 21st century is no longer merely the management of a benign American hegemony but the navigation of an Atlantic Dilemma born from two interlocking crises: the resurgence of the unilateralist impulse in the United States and the consequent erosion of the institutional framework that has guaranteed European security and political coherence since 1945. This dilemma forces Europe to confront an existential question: how to maintain the indispensable transatlantic bond while the foundational partner increasingly disregards the multilateral rules-based order it created, thereby undermining the very institutions upon which European stability depends.

The unilateralist impulse, most starkly demonstrated during the Trump administration but reflective of a deeper, bipartisan strain in American foreign policy, represents a profound strategic shock. It is characterized by a transactional "America First" ethos that treats alliances as burdensome cost-sharing arrangements rather than vital force multipliers and value-based communities. This impulse manifests in threats to withdraw from NATO, the abandonment of multilateral agreements (from the Iran nuclear deal to the Paris Climate Accords), and the treatment of the European Union as a "foe" in economic competition. For Europe, this is not a mere policy disagreement but a direct assault on the strategic certainty that has allowed the continent to focus on integration and soft power. The fear is not of American retreat per se, but of a volatile and unpredictable America that acts capriciously, turning the primary guarantor of security into a source of instability and leaving Europe exposed to external threats—most immediately from a revisionist Russia—without the assured unity of response that deterrence requires.

This unilateralist catalyzes and accelerates the institutional erosion within the transatlantic space. NATO, the most successful military alliance in history, suffers a crisis of political purpose and credibility when its leading member questions its Article 5 commitment. The erosion is not just external; internal European cohesion frays under pressure. Without steady American leadership acting as an external federator, divergent national interests within the EU re-emerge with greater force, as seen in varying attitudes towards Russia, China, and defense spending. The EU's Common Security and Defence Policy (CSDP) remains structurally inadequate to address hard security threats independently, yet the impetus to achieve "strategic autonomy" is both a necessary response to American unreliability and a potentially divisive force that risks further alienating Washington.

Consequently, the institutional ecosystem—NATO, the EU, and the network of treaties and norms that bind them—becomes weakened, less predictable, and less capable of collective action precisely at a moment when authoritarian challenges demand a unified and robust response. Thus, the Atlantic Dilemma is a strategic trap. Full-throated pursuit of European strategic autonomy risks accelerating the American disengagement it seeks to hedge against, potentially breaking the alliance that still provides its ultimate security umbrella. Yet, remaining in a state of passive dependency is equally dangerous, leaving Europe vulnerable to the whims of American domestic politics and militarily inadequate. Europe's primary challenge, therefore, is to reinvent the transatlantic bargain: it must take on significantly more responsibility for its own defense and coherent foreign policy—thereby strengthening the institutions from within—while simultaneously working to persuade the United States that a revived, equitable partnership anchored in renewed institutional respect is the most effective tool for confronting shared global challenges. The dilemma will not be solved by choosing between America and autonomy, but by painstakingly rebuilding a credible European pillar within a reformed Atlantic alliance, even as the foundation continues to shift.

3.1. Withdrawals from International Agreements (Paris Accord, JCPOA) and Impact on European Diplomacy

The so-called "Atlantic Dilemma" facing Europe today represents a profound and painful recalibration of its core strategic posture, forcing a reassessment of a primary challenge that is no longer external but emanates from within its most foundational alliance. For decades, Europe's security and diplomatic identity were anchored in the presumption of a predictable, values-driven American partnership, underwritten by U.S. leadership of the liberal international order. The unilateral withdrawals of the United States from key international agreements—most notably the 2015 Paris Climate Accord and the 2015 Joint Comprehensive Plan of Action (JCPOA, or Iran nuclear deal)—acted as catalytic shocks, exposing and exacerbating this dilemma. These actions did not merely represent policy divergences but symbolized a fundamental American rejection of the multilateral, rules-based system Europe painstakingly helped build and relies upon for its geopolitical relevance and security. Consequently, Europe's primary strategic challenge has crystallized as the need to assert strategic autonomy while managing inescapable strategic dependency, a balancing act that strains its internal cohesion and tests its diplomatic ingenuity.

The impact on European diplomacy has been transformative, forcing it into a reactive and increasingly sovereign posture. The U.S. abandonment of the Paris Accord thrust the European Union into the unlikely role of global climate chancellor, compelling it to double down on its Green Deal and laboriously rebuild a coalition of states to uphold the agreement's ambitions, all while competing with a superpower dismissing the paradigm. More seismically, the Trump administration's withdrawal from the JCPOA and re-imposition of extraterritorial sanctions effectively held European sovereignty hostage. The INSTEX payment mechanism, a complex and limited vehicle created to facilitate trade with Iran independent of the U.S. financial system, stands as a monumental symbol of this impact: a technically arduous, politically fraught, and ultimately inadequate tool born purely from the need to circumvent an ally. It revealed the stark limits of European power when confronted with U.S. secondary sanctions, demonstrating that economic and financial dependency could veto European foreign policy choices.

This series of shocks has led to a dual-track diplomatic response. On one hand, it has accelerated calls for "European sovereignty" in defense, technology, and economic policy, manifesting in initiatives like the European Defence Fund and debates over strategic decoupling. On the other hand, it has necessitated a more agile and hard-nosed diplomatic approach, seeking ad-hoc coalitions with like-minded partners (e.g., Canada, Japan, Australia) and engaging in a delicate dance of simultaneous resistance and engagement with Washington. The Biden administration's rhetorical return to multilateralism has not resolved the core dilemma; it has merely changed its tone. Trust has been eroded, and the demonstrated vulnerability of European interests to American domestic political swings has made strategic autonomy a permanent fixture of EU discourse, even as military reliance on NATO remains absolute.

Thus, Europe's primary strategic challenge is the enduring Atlantic Dilemma itself: how to build the credible capacity for independent action—diplomatic, economic, and eventually military—to defend its interests and multilateral principles, without precipitating a catastrophic rupture in the transatlantic relationship that remains its ultimate security guarantee. The withdrawals from the Paris Accord and JCPOA were not mere policy setbacks but the opening chapters of a lasting strategic awakening. They revealed that in the 21st century, Europe's most complex diplomatic task is no longer just managing a resurgent Russia or a rising China, but navigating the volatile partnership with a United States that can be, at turns, its indispensable protector and its most disruptive strategic challenge.

3.2. The Degradation of the WTO and the Liberal Trade Order

The Atlantic Dilemma, framing Europe's primary strategic challenge, is profoundly embodied in the degradation of the World Trade Organization and the liberal, rules-based trade order it underpinned. For decades, this system was not merely an economic convenience for Europe but a foundational pillar of its post-war identity, security, and prosperity. It enabled the European project itself, providing the stable, multilateral framework that allowed a community of formerly warring nations to integrate their economies, share sovereignty, and champion a model of governance based on rules, openness, and democratic values. The WTO's dispute settlement mechanism, in particular, served as a vital leveller, allowing the European Union to confidently engage with larger powers like the United States and China on a basis of legal parity rather than raw power politics. Its erosion, therefore, strikes at the heart of the European strategic paradigm.

This degradation is a multi-front assault. From within, the system has been crippled by the United States' unilateral blockade of the WTO Appellate Body since 2019, effectively paralyzing its enforcement capability. This American pivot towards unilateralism and "managed trade," underpinned by a bipartisan consensus that views the old order as disadvantageous, fundamentally severs the transatlantic consensus that once guaranteed the system. From without, China's state-capitalist model, characterized by massive subsidies, forced technology transfers, and strategic market distortions, exploits the open system while refusing to be bound by its spirit, creating untenable competitive pressures on European industries. Consequently, Europe finds itself caught in a painful strategic pincer: its most important ally has dismantled the system's judiciary, while its systemic rival has exploited its rulebook, leaving the EU exposed and the guardian of an architecture it did not build alone and cannot sustain alone.

Reassessing its primary challenge, Europe now confronts a volatile paradigm of "trade as power," where economic interdependence is weaponized through sanctions, coercive dependencies, and geopolitical blocs. This forces a fundamental reckoning. Europe's deeply integrated, export-oriented economy is uniquely vulnerable to fragmentation and to being sidelined in a world bifurcating into U.S.- and China-centric spheres of influence. Its dilemma is threefold: it must de-risk critical supply chains from excessive dependencies, notably on China; re-engage with a transactional United States to preserve vital transatlantic trade while resisting protectionist spillover; and re-invent multilateral governance by building new, often narrower, coalitions of like-minded partners on issues from digital trade to climate standards. The strategic challenge is no longer merely about promoting free trade, but about conducting a sophisticated defence of Europe's economic sovereignty and regulatory power in a world where the rules are being rewritten by force and state intervention. Ultimately, the Atlantic Dilemma in trade is about whether Europe can navigate this anarchic transition without surrendering its core liberal values, internal cohesion, and global relevance, thus forging a new form of assertive openness that protects without isolating, and engages without being subsumed.

3.3. "America First" as a Permanent Spectrum: Bipartisan Trends in Protectionism and Isolationism

The Atlantic Dilemma represents a fundamental recalibration of Europe's primary strategic challenge, which is no longer merely how to manage a powerful and occasionally distracted ally, but how to navigate a world in which the United States, across partisan administrations, increasingly operates on a spectrum of "America First" principles. This spectrum, ranging from the overtly transactional and politically isolationist "Trumpian" pole to a more diplomatically engaged but unapologetically protectionist and domestically focused "Bidenite" pole, signals a permanent shift. The bipartisan consensus in Washington now prioritizes domestic industrial revival, strategic competition with China, and a cost-benefit analysis of alliance commitments, rendering the post-Cold War era of reflexive transatlanticism obsolete. For Europe, the core challenge thus transforms from leveraging American power to cushioning against its withdrawal and mitigating the collateral damage of its inward turn, all while the continent faces a resurgent Russia on its eastern flank.

This permanent spectrum of American insularity manifests in two interlinked domains: economic protectionism and strategic isolationism. Economically, the Inflation Reduction Act and CHIPS Act, while cloaked in the language of climate and security, are fundamentally industrial policy instruments that threaten to siphon investment from European industries and fracture the Western economic model. The bipartisan support for these measures underscores that the U.S. is no longer the guardian of multilateral free trade but a competitor in a zero-sum race for technological and industrial supremacy. Strategically, while the Biden administration reinvigorated NATO politically following the Ukraine invasion, a deepening vein of isolationism—expressed in congressional resistance to sustained aid and a public fatigue with "forever wars"—highlights Europe's persistent military dependence on a potentially unreliable patron. The dilemma is acute: European strategic autonomy is urgently needed but remains elusive, caught between the immediate necessity of U.S. security guarantees and the long-term imperative to develop capabilities independent of American political whims.

Consequently, Europe's primary strategic challenge is the urgent and concurrent pursuit of internal cohesion, enhanced sovereignty, and adaptive alliance management. It must accelerate defense integration and rationalize its defense industrial base to achieve a meaningful pillar within NATO, thereby altering the cost-benefit calculus in Washington. Simultaneously, it must forge a unified trade and regulatory policy to protect its single market from U.S. protectionism while avoiding a full-scale transatlantic trade war. Ultimately, the Atlantic Dilemma forces Europe to reassess its own role: it can no longer be a secondary power reliant on American benign hegemony but must emerge as a primary geopolitical actor capable of partnering with a more self-interested United States from a position of strength, while also engaging with the wider world on its own terms. The era of assuming American leadership as a constant is over; Europe's strategic future depends on its ability to manage an ally whose priorities are now permanently and unpredictably in flux.

CHAPTER 4: ECONOMIC COERCION: THE ALLY AS TARGET

The Atlantic Alliance, long anchored by the shared threat of the Soviet Union and later by a vision of expanding liberal democracy, now grapples with a more complex and insidious primary strategic challenge: economic coercion, increasingly wielded by its own indispensable ally, the United States. This "Atlantic Dilemma" forces Europe to confront the uncomfortable reality that its primary economic security vulnerability stems not merely from adversarial states like China or Russia, but from the extraterritorial application of U.S. law and the weaponization of dollar dominance. Washington's use of sanctions, secondary sanctions, tariffs, and export controls—while often aimed at common rivals—frequently targets European commercial interests directly, treating the ally as a collateral target or even a policy lever. The foundational transatlantic bargain, where the U.S. provided security in exchange for European allegiance, is thus strained by Washington's readiness to unilaterally sacrifice European prosperity for its own geopolitical ends, as starkly demonstrated by the Trump-era tariffs on steel and aluminum and the persistent coercion surrounding projects like Nord Stream 2.

The mechanisms of this coercion are multifaceted, rooted in the structural power of the U.S. financial system. Secondary sanctions, which threaten to cut off non-U.S. entities from the dollar-clearing system for trading with sanctioned countries like Iran, force European companies into an impossible choice: violate EU law to maintain business in Iran, or comply with U.S. diktats and abandon sovereign European policy objectives. This creates a regulatory imperialism where U.S. priorities effectively dictate European economic statecraft. Furthermore, legislation like the Inflation Reduction Act, with its "Made in America" subsidies for green technology, constitutes a form of aggressive industrial policy that risks draining investment from Europe, coercing the EU into a costly subsidies race it can ill afford. The challenge is thus not one of traditional military confrontation, but of systemic dependency being exploited within the alliance itself, blurring the line between partner and pressure point.

Consequently, Europe's strategic reassessment is increasingly oriented toward "strategic autonomy" or "open strategic autonomy"—a suite of policies designed to reduce this coercive vulnerability while preserving the alliance's core. This includes bolstering the euro's international role, developing autonomous payment systems like INSTEX (however limited), strengthening EU competition and trade defense instruments, and pursuing ambitious industrial policies to secure critical supply chains. However, the dilemma is profound: pursuing true autonomy risks fracturing the very alliance that underpins European security, especially in the face of a revanchist Russia. Yet, failing to do so perpetuates a position of vassalage, where European sovereignty is routinely compromised by Washington's domestic political shifts. Thus, Europe's primary strategic challenge is to navigate this narrow path, building credible leverage and resilience to transform the Atlantic relationship from one of asymmetric dependency into a more balanced partnership of equals, all while the geopolitical landscape grows more volatile. The ultimate test will be whether the alliance can institutionalize restraint and consultation to manage internal coercion, or whether economic power politics will continue to erode the trust upon which its collective defense—and collective prosperity—ultimately rests.

4.1. Section 232 Tariffs: National Security as a Tool Against European Steel

For Europe, the primary strategic challenge in the Atlantic arena has fundamentally shifted from one of pure collective defense to a complex dilemma of balancing existential dependency with urgent autonomy. Historically, the North Atlantic Treaty Organization (NATO) and the broader transatlantic partnership provided a clear framework: American military hegemony guaranteed European security, allowing the continent to focus on economic integration and soft power. However, the post-Cold War unipolar moment has dissolved. The 2022 full-scale invasion of Ukraine brutally reasserted the reality of continental threat, reinforcing Europe's reliance on U.S. strategic depth and leadership. Yet simultaneously, the erratic trade and foreign policies of the previous U.S. administration, coupled with a longer-term American pivot to Asia and domestic political volatility, have instilled a profound anxiety in European capitals. The core dilemma is no longer merely about deterring Russia, but about navigating a partnership where the senior partner is increasingly transactional, internally divided, and distracted. Europe's challenge is thus dual: it must deepen its military capabilities and burden-sharing within NATO to revitalize the alliance, while also accelerating its own strategic sovereignty in defense, technology, and critical supply chains to ensure it can act independently when its interests diverge from Washington's. This recalibration is fraught, as moving too slowly on autonomy leaves Europe vulnerable, while moving too aggressively risks fracturing the very alliance that remains its ultimate security guarantee.

The application of Section 232 tariffs on European steel and aluminum by the United States in 2018 exemplifies how national security rationales can be weaponized to fracture the Atlantic alliance and redefine allies as economic threats. Invoking a Cold War-era trade law, the U.S. argued that global overcapacity, largely centered in China, was degrading the viability of its domestic steel industry, thus imperiling its ability to produce military-grade material in a crisis. However, by unilaterally imposing tariffs of 25% on steel and 10% on aluminum from the European Union—a collection of NATO allies—the U.S. strategically blurred the line between adversary and partner. For Europe, this was a profound strategic shock that weaponized interdependence. It demonstrated that Washington was willing to leverage the ambiguous concept of "national security" not just for genuine defense needs, but as a potent tool of economic coercion, even against allies, in pursuit of mercantilist and political goals. The move struck at the heart of key European industries and regions, forcing a stark reassessment of the U.S. as a reliable economic partner. While a fragile truce was reached in 2021, replacing tariffs with tariff-rate quotas (TRQs), the fundamental precedent remains. The episode cemented in the European mindset that economic security is now inseparable from national security, accelerating EU initiatives like the anti-coercion instrument and efforts to de-risk from American economic unilateralism. It transformed a trade dispute into a geostrategic lesson: in the eyes of its closest ally, Europe could be recast from a security partner into an industrial competitor whose exports constituted a "national security" threat.

4.2. Extraterritorial Sanctions: Nord Stream 2, Iran, and the Criminalization of European Companies

The Atlantic Dilemma, at its core, represents Europe's protracted and painful reassessment of its primary strategic challenge: navigating an increasingly transactional and competitive transatlantic relationship while preserving its own economic sovereignty and strategic autonomy. For decades, European security was predicated on U.S. leadership within NATO, creating a fundamental dependency that often tempered European political and economic independence. However, the recurrent deployment of U.S. extraterritorial sanctions—laws that penalize foreign entities for conducting legal business with third countries—has starkly exposed the vulnerability embedded in this arrangement. These sanctions, particularly those targeting the Nord Stream 2 pipeline and Iran, have shifted from being a point of diplomatic friction to a direct assault on European strategic interests, effectively criminalizing routine European commerce and forcing a profound existential reckoning.

The cases of Nord Stream 2 and Iran are paradigmatic. The U.S. Countering America's Adversaries Through Sanctions Act (CAATSA) and subsequent legislation specifically targeted European companies involved in the construction of the Nord Stream 2 gas pipeline from Russia to Germany. This was not merely a policy disagreement but a direct intervention using financial coercion to stop a European energy infrastructure project, deemed critical by some member states for energy security and deeply problematic by others and the U.S. for increasing strategic reliance on Moscow. The message was unequivocal: Washington would leverage its control over the global financial system and the primacy of the dollar to veto European sovereign economic decisions. Similarly, the U.S. withdrawal from the Joint Comprehensive Plan of Action (JCPOA) and the re-imposition of "secondary sanctions" on Iran placed European companies in an impossible bind. Despite the EU's creation of INSTEX, a special purpose vehicle to facilitate non-dollar trade, the overwhelming risk of being cut off from the U.S. financial system forced virtually every major European firm to abandon the Iranian market, rendering the EU's foreign policy stance—and its attempt to uphold the nuclear deal—largely symbolic.

This dynamic has led to the effective "criminalization" of European companies. Firms like Allianz, Deutsche Bank, or TotalEnergies face staggering fines or exclusion from the dollar-dominated global economy for engaging in trade that is fully legal under European law and, in the case of the JCPOA, actively encouraged by European governments. This places corporate boards in the position of having to choose between compliance with their own governments or with Washington, a choice that is, in practical terms, no choice at all. The result is a form of de facto U.S. economic governance over European foreign policy, undermining the EU's geopolitical credibility and its ability to define its own strategic priorities.

Consequently, Europe's primary strategic challenge is no longer merely external threats but also the imperative to manage this coercive dimension of its alliance with America. The dilemma forces a binary question: can Europe achieve meaningful strategic autonomy without fundamentally decoupling from the U.S.-led financial and security architecture? The response has been a halting push for "open strategic autonomy," encompassing initiatives like bolstering the euro's international role, developing autonomous payment systems, and debating mechanisms to block and retaliate against foreign sanctions. Yet, progress is painfully slow, weighed down by internal divisions and the sheer inertia of the transatlantic status quo. Ultimately, the Atlantic Dilemma signifies that Europe's greatest test is to transform its economic weight into cohesive geopolitical power, not only to defend its interests from external competitors but also to recalibrate a foundational alliance that has become a source of profound vulnerability.

4.3. The Inflation Reduction Act (IRA): Industrial Policy as a Zero-Sum Game

The Atlantic Dilemma facing Europe today represents a profound and multifaceted strategic reassessment, where the continent finds itself caught between the imperative of transatlantic solidarity and the urgent need for strategic autonomy in an era of great power competition. Historically, Europe's primary challenge was viewed as external, emanating from the East—whether in the form of Russian aggression or systemic rivalry with China. However, the passage of the U.S. Inflation Reduction Act (IRA) has dramatically reframed this calculus, exposing an equally significant challenge from the West: the reality of a United States unabashedly pursuing its own industrial renaissance, even at the potential expense of its closest allies. Europe's primary strategic challenge is no longer simply about external defense or managing a single rival; it is about navigating a fragmented global order where its most powerful partner is also its most formidable economic competitor, forcing a painful recalibration of decades of foreign and economic policy assumptions.

The IRA, with its \$369 billion in climate-focused subsidies and stringent domestic content requirements, epitomizes this shift by framing industrial policy as a zero-sum game. From Washington's perspective, the act is a necessary gambit to onshore critical supply chains, accelerate the energy transition, and compete head-on with China. For Europe, however, it functions as a massive suction pump, threatening to lure away its green industries—from battery gigafactories to hydrogen electrolyzer production—with superior incentives and a vast protected market. This creates a devastating double bind: Europe's strategic dependency on U.S. security guarantees, magnified by the war in Ukraine, clashes directly with its acute vulnerability to American economic statecraft. The dilemma forces European capitals to choose between protesting the IRA as a protectionist violation of World Trade Organization principles—risking transatlantic friction at a geopolitically sensitive moment—or engaging in a costly subsidies arms race they can ill afford, potentially fracturing the EU's single market in the process.

Consequently, Europe's reassessment must lead to a more cohesive and assertive form of power projection. The response, embodied in the Green Deal Industrial Plan and the Temporary Crisis and Transition Framework, indicates a reluctant but accelerating embrace of “European sovereignty” in the economic domain. The real challenge is whether the EU can move with the speed and scale necessary to match U.S. and Chinese initiatives without undermining its own principles of state aid rules and internal solidarity. The ultimate strategic test is thus internal: can Europe leverage this Atlantic dilemma as a catalyst to overcome its own institutional fragmentation and build a genuinely integrated, innovation-driven economic base? Success would mean transforming the dilemma into an opportunity, forging a partnership with the U.S. based on resilient “friend-shoring” rather than destructive subsidy wars. Failure risks a gradual deindustrialization and a reduction to permanent junior partner status, caught between a competitive America and a revisionist China, without the autonomous capacity to shape its own destiny.

CHAPTER 5: TECHNOLOGICAL HEGEMONY AND DIGITAL SOVEREIGNTY

The Atlantic Dilemma, in its contemporary manifestation, presents Europe with a profound and multi-layered strategic challenge centered on the dual imperatives of technological hegemony and digital sovereignty. At its core, this dilemma is the tension between Europe's foundational reliance on the United States for security and technological scale, and its urgent ambition to carve out an autonomous, values-based role in a world increasingly defined by a Sino-American bipolar tech struggle. Europe's primary strategic challenge is no longer merely territorial defense within the Atlantic alliance, but securing its economic future, democratic model, and strategic agency in the digital age, all while navigating its deep interdependence with a US whose priorities are not always perfectly aligned with European interests.

The dimension of technological hegemony frames the systemic competition. Europe finds itself a pivotal arena in the contest between the US, which dominates cloud infrastructure, core software, and venture capital ecosystems, and China, which leads in areas like telecommunications hardware, digital surveillance, and certain AI applications. This bifurcation forces Europe into a reactive position, often having to choose between American and Chinese tech stacks, neither of which grants Europe full control over its critical infrastructure or data flows. Dependence on US tech giants for everything from cloud services (AWS, Microsoft Azure) to productivity software creates vulnerabilities, not necessarily out of malice, but through inherent "lock-in" effects and the potential for extraterritorial application of US law. Simultaneously, reliance on Chinese components for 5G or green technologies introduces risks of embedded vulnerabilities and strategic leverage for Beijing.

In response, the concept of digital sovereignty has risen to the top of the European agenda. This is not merely about data protection, though the GDPR was its seminal expression. It encompasses a comprehensive drive for "technological sovereignty" – the capacity to make autonomous choices in key technological domains, from semiconductor production (via the European Chips Act) to cloud computing (with initiatives like GAIA-X) and artificial intelligence. The goal is to reduce critical dependencies, foster indigenous innovation champions, and establish global regulatory standards that reflect European norms of privacy, fairness, and ethical oversight. However, this pursuit creates its own paradoxes. Building sovereign capabilities requires massive investment and scale, often pushing Europe towards protectionist measures that can strain the very Atlantic partnership it relies on for security. Furthermore, the fragmentation of the EU's single digital market and its lag in private venture capital investment present significant internal hurdles to achieving genuine sovereignty.

Thus, Europe's primary strategic challenge is a delicate balancing act. It must recalibrate the Atlantic alliance to include a stronger pillar of technological cooperation and burden-sharing, moving beyond a patron-client dynamic in the digital realm. This involves difficult negotiations on data transfer frameworks, alignment on export controls for emerging tech, and joint investments in critical R&D.

Concurrently, Europe must aggressively integrate its own market and pool resources to build competitive alternatives in foundational technologies, accepting that strategic autonomy carries a high price and requires a degree of "European egoism" in industrial policy. The ultimate reassessment is recognizing that in the 21st century, sovereignty is inextricably linked to technological capability, and Europe's future geopolitical relevance—its ability to uphold its social market economy and democratic values—depends on successfully navigating this dilemma without fracturing its essential transatlantic bond nor surrendering its ambition for strategic autonomy. The path forward is not choosing between America and sovereignty, but in renegotiating the terms of the Atlantic partnership to make space for a more capable, technologically independent European pillar.

5.1. The NSA Surveillance Legacy: Snowden Revelations and Unresolved Trust Deficits

Europe's primary strategic challenge in the 21st century, often termed the "Atlantic Dilemma," revolves around the complex task of navigating its foundational security dependence on the United States while asserting its own strategic autonomy in a world defined by great power competition. Historically, the transatlantic alliance, anchored by NATO, provided an uncontested framework for European security, allowing the continent to focus on integration and soft power projection. However, the re-emergence of Russia as a revanchist, militaristic threat, coupled with the systemic rivalry posed by a rising China, has forced a painful reassessment. The dilemma is acute: European capitals recognize the indispensable nature of American military might, particularly in deterring Moscow, yet are deeply uneasy about the volatility of U.S. domestic politics and its potential to undermine treaty commitments. Simultaneously, China's economic leverage and technological competition present a different order of challenge, one where American and European interests are not always perfectly aligned. This forces Europe to walk a tightrope—bolstering its own defense capabilities and industrial base through initiatives like the European Defence Fund, while avoiding any move that could fatally weaken the American security guarantee. The dilemma is thus a question of agency: can Europe become a true geopolitical actor, or will it remain a strategic dependent, caught between American priorities and the pressures from Eastern and Asian autocratic powers?

The 2013 revelations by Edward Snowden of the vast, global surveillance apparatus operated by the U.S. National Security Agency (NSA) inflicted a deep and lasting wound on the transatlantic alliance, creating trust deficits that remain fundamentally unresolved. The disclosure that the NSA had systematically targeted the communications of European citizens, political leaders like German Chancellor Angela Merkel, and key institutions shattered the assumption of solidarity among allies. For Europe, this was not merely espionage—a routine state practice—but a breach of the implicit covenant of trust and respect between democratic partners. The scale and intrusiveness of programs like PRISM suggested a relationship of profound asymmetry, where European sovereignty was secondary to American intelligence gathering. While the immediate diplomatic crisis subsided, leading to some procedural reforms like the EU-U.S. Privacy Shield framework (itself twice struck down by European courts), the psychological and political scar tissue remains. The legacy is a pervasive European skepticism toward U.S. digital governance and a powerful driver for "digital sovereignty" initiatives, such as GDPR and efforts to build indigenous cloud infrastructure (GAIA-X). Every subsequent U.S. intelligence law or practice, such as the CLOUD Act, is viewed through this lens of suspicion. Consequently, the Snowden legacy directly fuels Europe's Atlantic Dilemma: it provides a potent argument for those advocating strategic autonomy, underscoring that over-reliance on the U.S. carries not just military but also fundamental privacy and democratic risks. The trust, once seamless, is now conditional and transactional, permanently complicating cooperation in the very domains—cybersecurity, data flows, and technology regulation—that are central to 21st-century geopolitics.

5.2. The Big Tech Ecosystem: U.S. Corporate Dominance and European Regulatory Subversion

Europe finds itself grappling with a profound and dual-layered "Atlantic Dilemma," where its primary strategic challenge is no longer a singular threat but a complex reassessment of its very position in the world. Traditionally anchored in the security architecture provided by NATO and the United States, Europe now faces a formidable eastern flank defined by a revisionist Russia's aggression and an increasingly assertive, systemic rival in China. This creates a fundamental tension: dependence on U.S. military and strategic might for existential security, while simultaneously recognizing that American priorities—particularly a deepening focus on the Indo-Pacific and a more transactional foreign policy—may not always align perfectly with European interests or timelines. The dilemma is thus one of navigating autonomy within alliance, seeking to build a credible European pillar of defense (a "strategic compass") without triggering transatlantic decoupling, all while managing immediate threats that demand unwavering Atlantic unity. This geopolitical reckoning is further complicated by internal fragmentation and the long shadow of energy dependence, making the reassessment not just about external threats, but about the internal cohesion and political will required to meet them.

Simultaneously, and inextricably linked, Europe confronts a second front in the battle for sovereignty and influence: the overwhelming dominance of the U.S. Big Tech ecosystem. This is not merely an economic concern but a core strategic one, touching on data security, democratic integrity, industrial competitiveness, and normative power. Platforms like Google, Meta, Amazon, Apple, and Microsoft control the critical digital infrastructure upon which European societies, economies, and political discourse increasingly run. Europe perceives this dominance as a form of "regulatory subversion," where these corporate giants leverage their scale, deep financial resources, and lobbying power to resist, delay, and dilute European attempts to assert control. In response, the EU has embarked on an unprecedented regulatory counter-offensive—through the Digital Services Act (DSA), Digital Markets Act (DMA), and GDPR—aiming to create a rule-based digital order prioritizing privacy, fair competition, and citizen rights. This aggressive regulation is Europe's primary weapon to curb U.S. corporate power, protect its single market, and export its digital standards globally. However, it risks escalating transatlantic trade tensions and underscores a painful reality: Europe missed the boat on creating its own platform giants, forcing it into a perpetual game of regulatory catch-up to manage dependencies it did not choose.

Ultimately, these two dimensions of the Atlantic Dilemma are deeply intertwined. The struggle for digital sovereignty mirrors the broader strategic challenge: how to assert European autonomy and values in a world shaped by great power competition, without undermining the essential transatlantic partnership that underpins its security. The regulatory battle with Big Tech is, in many ways, a safer arena for Europe to flex its geopolitical muscles than the military domain, yet it exposes the same underlying asymmetry of power. Reassessing Europe's primary strategic challenge therefore requires a holistic view that sees the defense of Ukraine and the enforcement of the DMA as two facets of the same project: securing a future for Europe that is both safe from military aggression and sovereign in its digital, economic, and political choices, all while navigating an Atlantic alliance that is both indispensable and, at times, constraining.

5.3. The Chip War and Export Controls: Secondary Effects on European Industries

Europe's primary strategic challenge remains the fundamental tension inherent in the "Atlantic Dilemma": navigating the complex imperative of maintaining a vital transatlantic alliance with the United States while simultaneously pursuing a credible and resilient form of strategic autonomy. This dilemma is most acute in the realm of security, where the war in Ukraine has starkly reaffirmed Europe's dependency on American military deterrence and capabilities, yet also highlighted the continent's vulnerabilities and the precarious nature of relying on a partner whose long-term political focus may pivot elsewhere. The dilemma extends beyond defense into economics and technology, where European interests do not always perfectly align with those of Washington. For instance, on China, the EU broadly shares U.S. concerns about systemic rivalry and unfair practices but maintains a more nuanced approach, seeking to "de-risk" rather than "decouple," and prioritizing its significant economic ties. Thus, Europe's core challenge is to fortify its own industrial base, defense capacity, and technological sovereignty sufficiently to be a powerful, respected partner to the U.S.—not a dependent—while avoiding actions that could fracture the Western alliance, which remains its ultimate security guarantor. This requires a delicate, often contradictory, balancing act: strengthening European pillars within NATO while building independent capabilities, and aligning with U.S. sanctions regimes while protecting critical European industries from collateral damage.

The U.S.-led "Chip War" and its associated extraterritorial export controls, primarily aimed at curtailing China's access to advanced semiconductor technology, have created significant secondary and often adverse effects on European industries, further complicating the Atlantic Dilemma. While Europe supports the broader goals of protecting critical technology, the unilateral nature of U.S. controls forces European companies into a difficult position. Firstly, key European semiconductor equipment manufacturers, like the Dutch giant ASML, face direct revenue losses and complex licensing burdens, despite European governments negotiating carve-outs. More profoundly, the controls create ripple effects across downstream European manufacturing. The automotive industry, a cornerstone of the European economy, is heavily reliant on a steady supply of both advanced and mature (legacy) chips. U.S. restrictions disrupt global supply chains, creating shortages and inflationary pressures. Furthermore, Europe's ambitious green transition—centered on electric vehicles, smart grids, and renewable energy—is inherently chip-intensive. Constraints on the global semiconductor ecosystem threaten to slow this strategic pivot. Additionally, the U.S. CHIPS Act's "guardrails" and "America First" subsidies risk diverting investment from European fabs, potentially leaving the EU's own €43 billion Chips Act underfunded and ineffective. Consequently, the Chip War forces Europe to confront painful trade-offs: aligning with a crucial ally's national security agenda while mitigating the self-inflicted damage to its own industrial competitiveness and strategic autonomy, highlighting how technological decoupling is not a cost-free geopolitical tool for those caught in the middle.

PART III: THE COMPARATIVE THREAT ASSESSMENT

CHAPTER 6: RUSSIA: THE ACUTE BUT MANAGEABLE THREAT

Europe's primary strategic challenge in the 21st century is fundamentally an Atlantic dilemma: how to navigate between the immediate, visceral threat posed by Russia and the long-term, systemic competition with China, all while maintaining a balanced and sovereign partnership with the United States. Within this framework, Russia represents the acute but manageable threat. Its acuteness is undeniable and multifaceted, rooted in a direct military assault on the European security order, as exemplified by the full-scale invasion of Ukraine. This aggression is amplified by sophisticated hybrid warfare—cyber-attacks on critical infrastructure, disinformation campaigns aimed at destabilizing democracies, and the instrumentalization of energy and migration flows. The threat is geographically proximate, historically laden, and existentially immediate for Eastern flank NATO members, demanding constant military vigilance, robust deterrence, and the political will to sustain support for Ukraine.

However, this acute threat is ultimately manageable because it aligns with a traditional, well-understood paradigm of state-based military and political confrontation for which Euro-Atlantic institutions were designed. The challenge, while severe, plays to the West's core strengths: a collective defense alliance in NATO with overwhelming (if not always seamlessly coordinated) conventional and nuclear capabilities, and a large economic bloc in the European Union capable of imposing severe sanctions and marshaling resources for reconstruction and defense industrial expansion. Managing Russia requires significant and sustained investment—in hardened defense postures, energy diversification, and societal resilience—but it does not require a fundamental re-invention of the transatlantic partnership's foundational logic. The path, though arduous, is clear: contain Russian expansionism, degrade its military capacity, and deter future aggression through unwavering unity and forward presence.

Thus, the true strategic dilemma for Europe lies not in the manageable, if dangerous, confrontation with Moscow, but in the tension between addressing this acute threat and preparing for the broader, systemic challenge posed by China. China represents a more diffuse, long-term contest over technological supremacy, economic interdependence, governance models, and influence in the Global South—a contest for which the Atlantic alliance is less structurally and conceptually prepared.

Consequently, Europe's strategic burden is dual: it must successfully manage the acute Russian threat without allowing it to consume all strategic bandwidth, while simultaneously developing the capacity, coherence, and resources to engage in the complex, global strategic competition that defines the era. Failure on the first task invites catastrophic instability; neglect of the second risks long-term strategic irrelevance. Russia is the fire that must be fought today, but the Atlantic dilemma is ensuring that in doing so, Europe does not lose sight of the reshaping geopolitical landscape of tomorrow.

6.1. Conventional Military Deterrence and European Capacity

The Atlantic Dilemma facing Europe today is not a choice between American partnership and strategic autonomy, but a urgent need to reconcile the two in the face of a starkly reformed security landscape. Europe's primary strategic challenge is the erosion of conventional military deterrence on its eastern flank, a reality brutally clarified by Russia's full-scale invasion of Ukraine. For decades, European security architecture was predicated on a strategic bargain: the United States would provide the ultimate security guarantee and the core of high-end conventional and nuclear deterrence, while European allies focused on crisis management, expeditionary operations, and soft power. This led to a systematic hollowing-out of European heavy conventional forces—with reductions in main battle tanks, artillery, air defense, and ammunition stockpiles to levels untenable for sustained, high-intensity conflict. The dilemma is that this long-standing dependency is now exposed as a critical vulnerability, even as the strategic value of the U.S. commitment faces questioning due to internal American political volatility and the long-term pivot to the Indo-Pacific.

Reassessing this challenge demands acknowledging that credible deterrence is no longer solely about the nuclear umbrella or the symbolic presence of NATO forces; it is about the tangible, immediate capacity to deny an adversary a quick, decisive conventional victory. This requires mass, readiness, and interoperability that Europe currently lacks. The war in Ukraine has exposed alarming gaps in European defense industrial capacity, insufficient stockpiles of missiles and artillery shells, and fragmented procurement that hinders interoperability and scale. While initiatives like NATO's Enhanced Forward Presence and the EU's Strategic Compass are steps forward, they remain incremental within a paradigm still overly reliant on U.S. enablers in logistics, intelligence, surveillance, and long-range strike.

Therefore, the core of the dilemma is political and industrial as much as it is military. Building a credible European pillar of conventional deterrence necessitates unprecedented and sustained increases in defense budgets beyond the 2% GDP NATO benchmark, a figure now revealed as a floor, not a ceiling. More critically, it requires a genuine consolidation of the European defense industrial and technological base, moving from competition to collaboration to achieve economies of scale. This must be coupled with the political will to prioritize territorial defense over peripheral engagements and to make hard choices about strategic dependencies, including on energy and critical materials. The path forward is not to replace NATO but to revitalize it through a more balanced transatlantic burden-sharing, where a Europe capable of defending itself becomes a more capable and reliable partner. Ultimately, Europe's strategic challenge is to rapidly translate its economic and technological weight into autonomous military capacity, thereby strengthening the overall Atlantic alliance while ensuring its own security cannot be held hostage to the shifting priorities of any single ally. The dilemma's resolution lies in understanding that true sovereignty and a stronger transatlantic bond are not contradictory, but interdependent.

6.2. Russia's Economic Weakness and Lack of Systemic Appeal

The traditional Atlanticist framework has long positioned a revanchist Russia, with its military aggression and geopolitical disruption, as Europe's primary strategic challenge. However, a deeper reassessment reveals a more nuanced and ultimately more profound dilemma: Europe's paramount challenge is not merely managing a powerful Russia, but navigating a strategic environment shaped by a Russia defined by profound economic weakness and a comprehensive lack of systemic appeal. This combination does not make Russia less dangerous in the short term; rather, it makes it more volatile and transforms the nature of the threat from one of existential ideological competition to one of persistent, corrosive instability.

Russia's economic weakness is structural and entrenched, reducing it from a peer competitor to a disruptive spoiler. Its economy, smaller than Italy's and overwhelmingly dependent on hydrocarbon and mineral exports, lacks diversification, innovation, and deep technological integration. Sanctions have accelerated this decay, cutting off access to advanced technology and finance, forcing a painful "import substitution" that is resulting in a militarized but stagnant economic model. This weakness denies Russia the means to wage prolonged, large-scale conventional warfare without severe domestic strain and limits its ability to project sustained global influence through economic statecraft. Instead, it fosters a reliance on asymmetric tools—cyber attacks, election interference, energy blackmail, and Wagner-style proxies—which are cheaper and perfectly suited to exploiting the open seams of Western democracies. Europe's challenge, therefore, is not outpacing a dynamic Russian economic model, but containing the spillover of instability from a declining, insecure state that uses disruption as a strategic weapon to compensate for its lack of positive leverage.

Compounding this is Russia's utter lack of systemic appeal. Unlike the Cold War Soviet Union, which offered a competing ideological vision, Putin's Russia promotes no universal model of governance beyond kleptocratic authoritarianism, ethno-nationalism, and anti-Western grievance. Its soft power is negligible, its cultural influence limited, and its political system is a cautionary tale of corruption and repression. This ideological bankruptcy is a critical strategic weakness for Moscow, but it also poses a unique challenge for Europe. It means Russia cannot "win" through attraction or persuasion; its only path to regional relevance is through coercion, subversion, and the dismantling of the liberal international order that constrains it. The threat is not that nations will choose the Russian model, but that they may become destabilized by its actions or, like some actors within Europe itself, become seduced by Moscow's narratives of civilizational conflict, traditional values, and disdain for liberal democracy, thereby eroding European unity from within.

Thus, the Atlantic dilemma is reframed. The primary strategic challenge is no longer a straightforward Great Power contest with a formidable rival. It is the dual task of managing an immediate, aggressive neighbor whose weakness makes it unpredictable and prone to risky brinkmanship, while simultaneously preparing for the long-term, systemic competition with China—a true peer with a formidable economy and a competing model of governance.

Europe must harden itself against Russian disruption through energy independence, enhanced defense, and democratic resilience, all while avoiding the trap of over-allocating strategic focus and resources to a declining power at the expense of addressing the broader geopolitical shift to the Indo-Pacific. In essence, Europe's core challenge is to solve the "Russia problem" not through defeat in a grand clash, but through patient, resilient containment that minimizes its capacity for disruption, thereby freeing up strategic bandwidth to help shape a global order in which systemic appeal, economic vitality, and technological leadership—areas where Europe and its Atlantic allies retain strengths—remain decisive.

6.3. The Hybrid Threat: Energy, Disinformation, and Asymmetric Tactics

Europe's primary strategic challenge, often termed the Atlantic Dilemma, encapsulates the complex tension between its enduring transatlantic dependency and its urgent need for autonomous resilience in the face of multifaceted hybrid threats. This dilemma is rooted in a historical security and ideological reliance on the United States through NATO, a partnership now tested by shifting American priorities and the rise of systemic rivals who expertly exploit Europe's interconnected vulnerabilities. The continent thus finds itself straddling two imperatives: maintaining the indispensable Atlantic alliance while building the independent capacity to withstand non-military, hybrid assaults that target the very fabric of its societies and economies. These hybrid threats—primarily in the realms of energy, disinformation, and asymmetric tactics—do not seek battlefield victory but aim to corrode democratic cohesion, paralyze decision-making, and ultimately weaken the European project from within.

The energy dimension of this hybrid warfare was brutally clarified by Russia's invasion of Ukraine, transforming pipelines into weapons. Decades of strategic dependency on Russian hydrocarbons, particularly natural gas, granted Moscow profound political and economic leverage, funding its war machine while leaving European nations vulnerable to coercion and price shocks. This vulnerability is a classic hybrid tool: creating dependency through seemingly benign commercial relationships, then weaponizing that dependency to split European unity, punish adversaries, and deter support for Ukraine. The frantic, and ultimately successful, scramble to diversify supplies post-2022 demonstrated the acute nature of this threat, but also revealed enduring infrastructural and political fragilities that adversaries can still probe.

Simultaneously, the disinformation ecosystem operates as the ideological and cognitive complement to energy coercion. Orchestrated campaigns, primarily from Russian and other adversarial state and non-state actors, flood the European information space with narratives designed to sow internal discord, undermine trust in institutions, erode support for Ukraine, and amplify extremist political movements. These operations exploit Europe's open societies and digital public square, using social media as a force multiplier to blur the line between truth and falsehood. The goal is not to convince, but to confuse; not to promote a single ideology, but to paralyze democratic consensus-building by fostering cynicism, polarization, and nihilism about the European project and its transatlantic bonds.

Finally, these efforts are underpinned and enabled by a spectrum of asymmetric tactics that operate below the threshold of formal war. These include cyber-attacks on critical infrastructure (from hospitals to energy grids), the use of irregular migration flows as a tool of political pressure, clandestine political financing, and the threat of sabotage—as seen with the Nord Stream pipelines. Such tactics are deliberately ambiguous, complicating attribution and response, and are designed to test and stretch NATO's collective defense protocols, which were conceived for a conventional military attack. This constant, low-grade campaign of deniable pressure aims to exhaust European resources, create a perpetual sense of insecurity, and demonstrate the alliance's inability to protect its members in this "grey zone."

In conclusion, reassessing Europe's primary strategic challenge requires recognizing that the Atlantic Dilemma and the Hybrid Threat are two sides of the same coin. The hybrid campaign directly exploits Europe's transitional state of reliance on the U.S. and lack of full-spectrum autonomous capability. Addressing this requires a dual-track approach: deepening transatlantic cooperation on intelligence-sharing and coordinated response mechanisms for hybrid attacks, while relentlessly pursuing European strategic sovereignty in energy, digital infrastructure, and defense. The ultimate test for Europe is whether it can transform its Atlantic alliance from a historical security blanket into a dynamic partnership of equals, all while forging the internal unity and resilience to withstand the persistent, corrosive campaigns that define 21st-century conflict.

CHAPTER 7: CHINA: THE LONG-TERM SYSTEMIC ADJUSTMENTS

Europe's primary strategic challenge, often framed as the "Atlantic Dilemma," is the profound tension between its deep historical, institutional, and security ties with the United States and the inescapable economic and systemic realities posed by the rise of China. While Russian aggression has rightly refocused attention on immediate territorial defense within the European continent, it is China that represents the more complex, long-term, and systemic challenge to Europe's economic model, technological sovereignty, and liberal democratic values. The dilemma is not one of outright choice, but of balancing: how to protect Europe's core interests and principles against a systemic rival that is also an indispensable partner for addressing global challenges like climate change and an integral player in its economic prosperity.

Consequently, Europe is engaged in a protracted and multifaceted process of long-term systemic adjustment, moving from a paradigm of engagement to one of "de-risking." This recalibration is founded on a sober tripartite assessment of China as a partner, a competitor, and a systemic rival. The adjustments are most evident in the economic and technological spheres, where the EU is developing tools to reduce critical dependencies, screen foreign direct investment, bolster its own industrial and innovation capacity (notably in clean tech, chips, and digital infrastructure), and combat economic coercion. The EU's anti-coercion instrument and its enhanced trade defense mechanisms are concrete manifestations of this strategic hardening. Simultaneously, Europe is strengthening its security and diplomatic footprint in the Indo-Pacific, conducting naval deployments, and building deeper partnerships with like-minded regional democracies to uphold a rules-based order, signaling that its interests extend far beyond its immediate neighborhood.

However, these adjustments are inherently fraught and uneven, hampered by internal divisions among member states with varying economic exposures to China and by the persistent gravitational pull of the China market. The core of the Atlantic Dilemma persists: European de-risking, while aligned with broader U.S. concerns, is not synonymous with American decoupling or containment. Europe seeks a more autonomous, nuanced, and at times divergent path, striving to maintain pragmatic ties with Beijing where possible while defending its systemic integrity. The ultimate success of this long-term adjustment will depend on Europe's ability to achieve greater strategic unity, make painful investments in its own capabilities, and navigate the precarious tightrope between transatlantic solidarity and its own distinct geopolitical and economic imperatives in an era of renewed great power competition.

7.1. Economic Interdependence with Strategic Competition: A Complex Balancing Act

The Atlantic Dilemma, at its core, represents Europe's profound and increasingly urgent challenge of reconciling deep economic interdependence with a new era of acute strategic competition. For decades, the European project was built upon the foundational belief that globalization and economic entanglement were themselves guarantors of peace and stability, a logic applied successfully within the continent and optimistically extended to relations with authoritarian states like China and Russia. However, the dual shocks of Russian aggression in Ukraine and the systemic rivalry with China have shattered this paradigm, revealing a dangerous asymmetry. Europe's prosperity remains tethered to access to the Chinese market for key industries—from automotive to luxury goods—and to Chinese-controlled supply chains for critical raw materials, green technology components, and pharmaceuticals. Yet, this very interdependence has been weaponized through coercive economic diplomacy, creating vulnerabilities that adversaries can exploit to deter European political or security responses. Consequently, Europe's primary strategic challenge is no longer merely external defense, but the internal and immensely complex task of "de-risking"—a delicate balancing act that requires selectively disentangling critical sectors without triggering mutually assured economic ruin.

This balancing act forces Europe into a high-stakes recalibration of its economic and security sovereignty. It necessitates massive investment in resilient supply chains, friend-shoring, and strategic industrial policy to reduce critical dependencies, all while maintaining the open trading system essential to its economic model. Simultaneously, Europe must navigate its indispensable yet occasionally fraught transatlantic partnership, aligning with U.S. strategic concerns over technology transfer and systemic rivalry without blindly adopting a more confrontational, decoupled stance that could disproportionately harm European economies. The dilemma is further compounded by internal divisions between member states with varying economic exposures and geopolitical appetites. Thus, the primary challenge is integrative: successfully merging trade, technology, and investment policy with foreign and security policy into a coherent "geoeconomic" strategy. The goal is to forge a new form of "principled interdependence," where Europe sustains global engagement but from a position of strengthened defensive capacity and shared democratic solidarity, thereby securing both its prosperity and its fundamental values in an age of contestation. Failure to achieve this balance risks leaving Europe economically hostage and strategically sidelined in the defining struggle of the 21st century.

7.2. Limited Military Threat in the European Theatre

The Atlantic Dilemma—Europe's struggle to balance transatlantic solidarity with autonomous strategic capability—is today defined not by a single, overwhelming military threat, but by a complex and layered set of challenges that collectively erode European security. While a direct, large-scale conventional invasion of the EU or NATO remains a low-probability event due to the enduring deterrent power of the Alliance, the military threat in the European theatre is far from "limited." Russia's war of aggression against Ukraine has fundamentally shattered the post-Cold War peace paradigm, proving that high-intensity conventional conflict is not only possible but ongoing on Europe's doorstep. This creates a persistent, acute threat that demands sustained rearmament, force modernization, and the readiness to defend every inch of Allied territory, particularly in the Baltics and Eastern flank. The threat spectrum has also diversified, encompassing hybrid warfare (cyberattacks, disinformation, political subversion), the instrumentalization of migration, and nuclear saber-rattling, all of which Russia employs to test cohesion and avoid direct NATO confrontation.

However, to define Europe's primary strategic challenge solely through the lens of the Russian military threat is to misdiagnose a symptom for the disease. The more profound dilemma is Europe's contested positioning between two systemic rivals—the United States and China—and its resulting vulnerability to global fragmentation. China represents the paramount long-term strategic challenge, not as an immediate military adversary in Europe, but as a systemic competitor leveraging economic coercion, technology rivalry, and diplomatic influence to divide the transatlantic partnership and reshape the international order to its authoritarian model. Europe's deep economic interdependency with China, particularly in critical raw materials and green technology supply chains, creates a critical vulnerability that is exacerbated by Washington's more confrontational stance. Thus, Europe's primary challenge is dual: maintaining a credible, unified deterrent against a disruptive Russia while simultaneously navigating the U.S.-China great power competition without becoming a mere pawn or suffering catastrophic economic decoupling.

Ultimately, Europe's core strategic challenge is internal: achieving a level of political unity, fiscal commitment, and integrated military capability that allows it to be a sovereign actor within—not a dependent of—the Atlantic Alliance. The dilemma lies in the tension between the urgent need for American security guarantees in the face of Russian revanchism and the long-term imperative of "strategic autonomy" to manage relations with China and other global players. Failure to invest adequately in defense and streamline decision-making perpetuates a dangerous over-reliance on the U.S., whose long-term focus is inevitably shifting to the Indo-Pacific. Conversely, pushing for autonomy too hastily risks undermining the very deterrence that provides Europe the security space to develop that autonomy. Therefore, reassessing Europe's primary strategic challenge reveals it is not a choice between a Russian or a Chinese threat, but the imperative to resolve this internal capability-sovereignty paradox while the protective Atlantic umbrella, though increasingly wavering, still holds.

7.3. Divergence on Governance Models and Selective Engagement

The Atlantic Dilemma facing Europe today represents not merely a strategic challenge but an existential reassessment of its place in a rapidly transforming world order. At its core, this dilemma is defined by the tension between the imperative of sustaining the transatlantic alliance—a seven-decade cornerstone of European security and liberal democratic identity—and the pressing need to assert strategic autonomy in a landscape where American priorities are increasingly divergent and domestically focused. This is not a simple binary choice, but a triple bind: Europe must navigate its dependency on U.S. security guarantees, particularly through NATO, while managing an internal fragmentation of vision among its member states, and simultaneously responding to a global environment reshaped by systemic rivalry with authoritarian powers, most notably China and Russia. The primary strategic challenge is therefore one of coherence—forging a unified European stance from a mosaic of national interests, threat perceptions, and economic dependencies, all while the foundational transatlantic relationship undergoes profound change.

This reassessment is acutely visible in the growing divergence on governance models. The European project, despite its flaws, remains fundamentally wedded to a rules-based, multilateral order that seeks to project normative power through regulation, diplomacy, and sustainable development. The United States, under successive administrations, has shifted towards a more transactional and interest-driven foreign policy, one that often views multilateral institutions as constraints rather than amplifiers. This philosophical schism manifests practically in conflicts over digital regulation (like GDPR versus Silicon Valley's models), antitrust enforcement, climate policy, and approaches to technology sovereignty. Europe's desire to "de-risk" but not "decouple" from China exemplifies this nuanced, regulatory approach, which often clashes with America's more confrontational framework of great-power competition. The dilemma lies in Europe's attempt to uphold its distinct model without appearing to undermine allied solidarity, all while that model is internally contested by illiberal currents within some member states.

Consequently, Europe is being pushed toward a paradigm of selective engagement with the United States, a move from automatic alignment to calibrated partnership. This selectivity is evident in the "coalition of the willing" approach to crises, where ad-hoc groupings of European states join U.S. initiatives based on immediate national interest rather than a unified EU position. On issues like support for Ukraine, alignment remains strong, demonstrating shared core security concerns. However, on Indo-Pacific strategy, Middle Eastern diplomacy, or trade policy, European capitals often pursue distinct, and sometimes conflicting, paths. France champions strategic autonomy and Indo-Pacific balancing independent of Washington, while Central and Eastern European states prioritize unwavering Atlanticist loyalty as a bulwark against Russia. This selective engagement is both a pragmatic adaptation and a source of weakness; it allows for flexibility but undermines the collective bargaining power and strategic clarity Europe desperately needs.

Ultimately, reassessing Europe's primary strategic challenge reveals that the Atlantic Dilemma is a catalyst for a deeper identity crisis. The era of unquestioned U.S. paternalism is over, and the era of a truly cohesive, strategically independent "Europe Power" is not yet born. The path forward requires Europe to invest decisively in its own defense and technological capabilities, not as a rejection of the alliance, but as a means to engage with the United States from a position of strength and clarity. It must streamline its decision-making to speak with one voice on critical issues, and it must define a positive vision of its governance model that can withstand the pull of both American transactionalism and authoritarian吸引力. Failure to do so will leave Europe reactive and divided, a strategic theater rather than a strategic actor, caught perpetually in the dilemma between a distracted ally and assertive adversaries.

CHAPTER 8: AMERICA: THE CHRONIC STRUCTURAL CHALLENGE

The notion of America as Europe's "chronic structural challenge" represents a profound and uncomfortable recalibration of the Atlantic dilemma. For seven decades, the United States has been the irreplaceable guarantor of European security, the anchor of the liberal international order, and a primary economic partner. However, this very indispensability has created deep structural dependencies and strategic asymmetries that now constitute a primary source of vulnerability and constraint for European powers. The challenge is chronic because it is baked into the post-war architecture of the relationship: European strategic autonomy has been consciously sublimated to American leadership within NATO, while European technological and financial systems are intricately woven into a U.S.-dominated global framework. This manifests as a dual-edged sword. On one hand, Europe relies on American security guarantees, particularly in the face of a revanchist Russia, creating a perpetual risk of entrapment in U.S. strategic priorities, be they in the Indo-Pacific or the Middle East. On the other, it fears abandonment, a fear acutely realized during administrations that champion "America First," revealing the peril of building a continental security edifice on the volatile foundation of American domestic politics.

This structural challenge is exacerbated by growing geopolitical and economic divergences. The U.S. pivot to Asia, its embrace of industrial policy through the Inflation Reduction Act (which European allies decry as discriminatory), and its willingness to engage in great power competition with China, often unilaterally, force Europe into a reactive and frequently subordinate position. Europe finds itself caught between its normative commitment to multilateralism and a American partner increasingly practicing a form of transactional bilateralism. Furthermore, the U.S.-led digital and financial ecosystems, from cloud computing to dollar-based sanctions, create realms of extra-territorial control that limit European sovereignty. The chronic nature of this challenge, therefore, is not one of hostility, but of profound and unequal interdependence. It forces upon Europe an existential question: how to responsibly manage an indispensable alliance that is simultaneously the greatest obstacle to its own strategic sovereignty. The task is no longer merely about reaffirming partnership, but about arduously constructing a European pillar within the West that is capable of partnership rather than dependency, ensuring that the Atlantic bridge, while vital, is no longer a one-way street of strategic subordination.

8.1. Deep Integration as a Vector of Vulnerability

The Atlantic Dilemma, at its core, represents the profound and increasingly urgent challenge for Europe of reconciling its foundational security dependence on the United States with its aspirational goal of strategic autonomy, all while internal cohesion frays under external pressure. Historically, this dilemma was managed through a stable transatlantic bargain: American security guarantees in exchange for European alignment. However, the contemporary reassessment of Europe's primary strategic challenge reveals that the very deep integration—both within the EU and across the Atlantic—that underwrote post-war peace and prosperity has evolved into a significant vector of vulnerability. This integration, once an unalloyed good, has created systemic interdependencies that adversaries can exploit, and internal complexities that hamper swift, decisive action.

Economically, the European Single Market and intricate global supply chains, while driving wealth, have created critical chokepoints. Over-reliance on a single actor, notably China for rare earths and critical minerals or Russia for energy, exemplifies how deep economic integration can be weaponized. The 2022 energy crisis demonstrated that interdependence with an adversarial power is not a guarantee of mutual restraint but a pre-positioned tool of coercion. Similarly, the deep integration of financial systems and infrastructure, from SWIFT to undersea cables, presents lucrative targets for hybrid warfare, forcing Europe to balance open connectivity with resilient security.

Politically and institutionally, the EU's deeply integrated decision-making apparatus, designed for deliberation and consensus among 27 sovereign states, is ill-suited for the rapid response demanded by modern strategic competition. The requirement for unanimity in critical areas like foreign policy and sanctions, while protecting national interests, often leads to lowest-common-denominator outcomes or paralyzing delays. This institutional complexity is a vulnerability exploited by actors who can move swiftly and asymmetrically. Furthermore, deep integration has fostered varying threat perceptions across the continent, creating fissures that adversaries can widen through disinformation and political influence, undermining the unified front required to meet strategic challenges.

In the military and technological realms, deep integration within NATO and dependence on U.S. capability frameworks have led to interoperability but also to capability gaps and fragmentation. European defense integration remains incomplete, resulting in duplicated efforts, wasted resources, and a lack of strategic enablers. The reliance on U.S.-dominated technology stacks, from cloud services to fighter jet software, creates a "vector of vulnerability" in terms of both operational dependency and potential for espionage or sabotage. The dilemma is acute: moving toward strategic autonomy requires massive investment and risky duplication, yet remaining within an integrated U.S.-led system perpetuates vulnerability to shifts in American political will.

Thus, reassessing Europe's strategic landscape leads to a sobering conclusion. Its primary challenge is no longer merely managing a benign alliance but navigating a world where its deepest strengths—a unified market, institutionalized multilateralism, and transatlantic bonds—have become domains of contestation. The Atlantic Dilemma is now defined by the urgent need to "harden" this deep integration against external shock and manipulation, to streamline decision-making for strategic purpose, and to redefine the transatlantic partnership on a more balanced footing. The task is not to dismantle integration but to fortify it with a new mindset centered on resilience, reducing critical dependencies, and achieving a credible capacity for autonomous action when the Atlantic bond—however enduring—is under unprecedented strain.

8.2. The Volatility of U.S. Domestic Politics and Foreign Policy Consistency

The Atlantic Dilemma represents a fundamental and urgent strategic recalibration for Europe, centered on the growing volatility of U.S. domestic politics and its corrosive effect on American foreign policy consistency. For seven decades, the transatlantic partnership operated on a bedrock assumption: that the United States, despite periodic shifts between Democratic and Republican administrations, would remain a predictable, engaged, and fundamentally liberal-hegemonic anchor. Europe's security architecture, its economic confidence, and its global diplomatic posture were architected around this premise. However, the deepening partisan fractures in the U.S., culminating in administrations that can differ radically in worldview and oscillate between isolationism, unilateralism, and re-engagement, have shattered that predictability. This inconsistency is not cyclical but structural, driven by an inward-turn in U.S. politics, a questioning of the post-war international order, and a foreign policy increasingly held hostage to domestic partisan agendas. For Europe, the primary strategic challenge is no longer a single external threat, but the management of its indispensable yet increasingly unreliable American ally.

This volatility manifests in tangible policy whiplash that undermines European security and interests. On issues from Iran (joining/abandoning the JCPOA), to climate (Paris Accord), to defense (threats against NATO and fluctuating troop commitments), to trade (tariff threats against the EU), European leaders find themselves negotiating not with a steady state but with a moving target that can reset every two to four years. This forces Europe into a reactive and unsustainable posture, unable to craft long-term strategies for its own defense, energy security, or technological sovereignty. The dilemma is profound: full strategic autonomy is staggeringly expensive and politically difficult, requiring unprecedented integration and spending, yet continued over-reliance on the U.S. is now a high-risk proposition. Europe faces the specter of a scenario where American security guarantees, once considered sacrosanct, could be withdrawn or become conditional based on the outcome of a U.S. election or the whims of a particular president.

Consequently, Europe's primary challenge is a dual one: it must urgently build the tangible capacity for autonomy—in defense via initiatives like the European Defence Fund and Permanent Structured Cooperation (PESCO), in energy, and in critical supply chains—while simultaneously working to insulate and institutionalize the transatlantic relationship against American political turbulence. This involves deepening ties with the "permanent state" of the U.S.—Congress, the bureaucracy, and state governments—and seeking binding agreements less easily overturned by executive order. The ultimate goal is to create a Europe that is a strong, cohesive partner by necessity, capable of acting alone if needed, but preferably in stable cooperation with a United States whose commitment is rendered more consistent through deeply woven interdependence. The Atlantic Dilemma, therefore, is not about abandoning the alliance but about saving it from the centrifugal force of American domestic chaos, by ensuring Europe is no longer its vulnerable casualty.

8.3. The Threat to European Strategic Autonomy and Global Agency

Europe's primary strategic challenge, often termed the "Atlantic Dilemma," is the tense and complex negotiation between inescapable dependency and the urgent pursuit of strategic autonomy. This dilemma is not a single threat but a multi-layered crisis where immediate security dangers, longer-term structural vulnerabilities, and shifting global power dynamics intersect to challenge Europe's capacity for independent action. The most acute and immediate layer is the resurgent threat from Russia, which has shattered the post-Cold War peace paradigm. The war in Ukraine has demonstrated that European security can no longer be outsourced by default to the U.S.-led NATO framework without profound risk. This dependence, while currently reinforced by American support, exposes a critical vulnerability: European defense has atrophied after decades of underinvestment and fragmentation, leaving the continent's ultimate security contingent on American political will—a factor increasingly seen as volatile. Thus, the Russian threat is paradoxically both the catalyst for greater Atlantic unity and the starkest evidence of why such dependence is perilous, forcing Europe to confront its own military-industrial shortcomings and the need for a credible, integrated deterrent capability of its own.

Beneath this security layer lies a deeper structural challenge to autonomy: economic and technological dependency. Europe's reliance on American security is mirrored by its critical dependencies in other spheres—on Chinese trade and rare earths, and, as the energy crisis precipitated by the Ukraine war revealed, on volatile external suppliers for foundational resources. This constrains Europe's global agency, as fear of economic retaliation or supply chain disruption can paralyze foreign policy decisions. Furthermore, in the realm of technology and data, European sovereignty is challenged by American and Chinese digital platforms and infrastructures, raising concerns over economic competitiveness, surveillance, and the ability to set global norms. Strategic autonomy, therefore, is not just about defense spending but about securing supply chains, fostering technological innovation, and leveraging the EU's regulatory and single market power to carve out a sphere of influence distinct from the U.S.-China rivalry.

Ultimately, the Atlantic Dilemma forces a fundamental reassessment of the transatlantic relationship itself. The partnership with the United States remains indispensable, but it is evolving from a patron-client dynamic into a more contentious and transactional partnership, where American priorities (particularly regarding China) may not fully align with European interests. Europe's quest for global agency is thus a bid to avoid becoming a mere arena for great power competition. Achieving meaningful autonomy requires a difficult, expensive, and politically arduous journey: deeper EU integration, pooled sovereignty in defense and industrial policy, and the willingness to act decisively—even when it occasionally diverges from Washington's preferences. The primary strategic challenge is therefore existential: can Europe muster the political unity, strategic vision, and resources to become a cohesive geopolitical actor, or will it remain a resilient but ultimately reactive peninsula, its destiny shaped by the decisions of others? The resolution of this dilemma will determine whether Europe can defend its interests, promote its values, and shape the emerging global order, or remain constrained by the very alliances that have historically guaranteed its security.

PART IV: CASE STUDIES IN TRANSATLANTIC DISCORD

CHAPTER 9: THE IRAQ WAR (2003): A FOUNDATIONAL TRAUMA OF COERCION AND DIVISION

The Iraq War of 2003 stands not merely as a historical disagreement but as a foundational trauma that fundamentally recalibrated Europe's strategic compass and exposed the core of the Atlantic Dilemma: the tension between indispensable alliance and intolerable coercion. The crisis fractured the continent along a deep ideological fault line, pitting a "New Europe" aligned with Washington's neo-conservative doctrine against an "Old Europe," led by France and Germany, which viewed the pre-emptive, UN-circumventing invasion as a profound violation of international law and strategic rationality. This was not a simple policy dispute; it was a moment of raw power politics where the United States, in the words of Secretary of Defense Donald Rumsfeld, deliberately dismissed its critics as relics, leveraging the post-9/11 security paradigm to demand compliance. For many European capitals, particularly those that opposed the war, the experience was one of profound alienation and powerlessness, revealing that the Atlantic alliance, under certain conditions, could function as a vehicle for domination rather than partnership. The war's aftermath—the absence of WMDs, the descent into insurgency, and the regional destabilization—vindicated European skeptics on a factual level but deepened the trauma on a strategic one, proving the catastrophic costs of unchecked unilateralism.

This collective experience of division and coercion birthed a lasting strategic schism and a new European consciousness. It accelerated the European Union's quest for strategic autonomy, not as a rejection of NATO, but as a defensive imperative to never again be so vulnerable to the winds of American political change or so complicit in a disastrous adventure. The trauma informed a European strategic culture increasingly prioritising diplomatic conflict resolution, multilateral legitimacy, and a cautious, rules-based approach to international crises—principles starkly opposed to the Bush Doctrine. Consequently, when Europe today reassesses its primary strategic challenge—navigating the resurgence of great power competition, particularly with Russia and China—the ghost of Iraq looms large. It complicates transatlantic solidarity, instilling a reflexive caution toward American-led militarisation and a fear of being drawn into conflicts not of Europe's choosing. Yet, simultaneously, the aggressive unilateralism of Russia's invasion of Ukraine has reaffirmed the necessity of the American security guarantee. Thus, Europe's primary strategic challenge is effectively dual: to rebuild and maintain a balanced, sovereign partnership with a sometimes-capricious U.S., while mustering its own capabilities and unity to defend a rules-based order it now understands is fragile. The Iraq War remains the painful genesis of this dilemma, a stark lesson that alliance without agency is perilous, and that Europe's security must ultimately be rooted in its own cohesion and strategic clarity.

CHAPTER 10: THE UKRAINE CRISIS: DIVERGENT RED LINES AND RISK APPETITES

The Atlantic Dilemma facing Europe today is fundamentally a crisis of strategic prioritization and autonomy, sharply crystallized by the Ukraine conflict. For decades, Europe's primary strategic challenge was perceived through a dual lens: managing the complex, interdependent relationship with a rising China as an economic partner and systemic rival, while simultaneously addressing longer-term concerns about a resurgent and disruptive Russia. The full-scale invasion of Ukraine in 2022 violently reordered this hierarchy, thrusting a revanchist and openly hostile Russia to the fore as the most immediate and existential military threat to European security. This reassessment forces Europe to confront a painful duality—the "Dilemma." It must urgently reconstitute its own territorial defense and deterrence capabilities, a task requiring massive investment and political unity, while also recognizing that the United States, its indispensable Atlantic partner, increasingly views the Indo-Pacific and strategic competition with China as its primary global focus. Europe thus struggles to ensure its most pressing threat receives sustained and sufficient American attention and resources, while also being compelled to develop a more autonomous capacity to act, a shift that itself creates tensions within the transatlantic alliance.

Within this overarching dilemma, the Ukraine crisis has laid bare profound divergences in both red lines and risk appetites between European capitals and Washington. While transatlantic unity on sanctions and military aid has been remarkable, underlying fractures are evident. For the United States, supporting Ukraine is a critical investment in degrading a major adversary without direct American troop deployment, a strategic bargain that reinforces global deterrence norms. However, American red lines are carefully drawn to avoid escalation to a direct NATO-Russia war, leading to calibrated, sometimes delayed, provision of certain weapon systems. For many Eastern and Baltic EU members, whose red lines are inextricably linked to their own territorial sovereignty and historical experience, the threat is existential and immediate. Their risk appetite for defeating Russia decisively is higher, favoring faster delivery of longer-range strike capabilities and a clearer path to Ukrainian NATO membership. Conversely, some Western European nations, with deeper historical economic ties to Russia and greater sensitivity to economic disruption, have at times exhibited more caution, particularly regarding energy sanctions or the escalation spectrum. This spectrum of risk appetite—from the high-stakes, front-line states to the global-strategic calculus of the U.S., and the more economically cautious core—complicates a unified long-term strategy. The central challenge for Europe is to reconcile these internal divergences while collectively navigating an American partnership that is both essential and increasingly distracted, thereby forging a coherent, sustainable European posture that can defend its own interests whether America's focus is fully present or not. This process is not just about Ukraine, but about defining Europe's strategic sovereignty in a new era of confrontation.

CHAPTER 11: THE AUKUS PACT: THE ALLIANCE BYPASS AND TECHNOLOGICAL EXCLUSION

The Atlantic Dilemma facing Europe today is the profound and urgent need to reassess its primary strategic challenges in an era where the unipolar, U.S.-guaranteed post-Cold War order has fractured. For decades, Europe's security was predicated on a simple, if often debated, formula: American military power undergirded NATO, allowing Europe to focus on economic integration and soft power projection. However, the simultaneous rise of systemic competition with an assertive Russia and a revisionist China, coupled with questions about the long-term constancy of American commitment, has forced a stark reckoning. The core dilemma is no longer merely how to share burdens within the Alliance, but how to navigate a world where Europe must cultivate strategic autonomy to defend its interests, while still recognizing that its ultimate security remains inextricably linked to a United States that is increasingly diverting its focus to the Indo-Pacific. This forces Europe into a delicate balancing act: it must invest seriously in its own defense capabilities and political cohesion to act independently when necessary, yet do so without undermining the very transatlantic bond that remains its ultimate safety net—a bond that is itself undergoing significant stress, as exemplified by the AUKUS pact.

The announcement of the AUKUS trilateral security pact between Australia, the United Kingdom, and the United States in September 2021 acted as a seismic shock to the European strategic consciousness, crystallizing the dilemma in two deeply disruptive ways: as an alliance bypass and as a technological exclusion. First, the pact was a stark demonstration of alliance bypass. By negotiating a major defense partnership of such magnitude in secret, the U.S. and UK effectively sidelined France, a leading European power and NATO ally, leading to the abrupt cancellation of a multi-billion-dollar French submarine contract with Australia. This episode was not merely a commercial or diplomatic affront; it revealed a Washington willing to prioritize a new, agile, Anglosphere-focused alignment for the Indo-Pacific over traditional alliance etiquette with Europe. It signaled that for certain critical challenges, notably containing China, the U.S. might view European allies as less relevant or too constrained by their own economic ties and consensus-based politics to be relied upon as core partners. The message was that Europe risked being taken for granted or circumvented on issues deemed vital to American strategy.

Secondly, and perhaps more consequentially in the long term, AUKUS embodies a powerful mechanism of technological exclusion. At its heart, beyond the submarines, lies a commitment to deepen integration in advanced capabilities such as artificial intelligence, quantum technologies, cyber, and hypersonics. By creating a privileged technological ecosystem with strict secrecy and export control barriers (notably under the U.S. ITAR regime), AUKUS creates a new "techno-strategic" inner circle from which the European Union and its member states are largely excluded. This threatens to create a permanent capability gap, leaving Europe dependent on others for the very technologies that will define future warfare and economic competitiveness. It undermines the European Commission's stated goals of "strategic autonomy" and "technological sovereignty," highlighting how Europe's fragmentation and lag in defense R&D investment can lead to strategic irrelevance.

The fear is that Europe could become a mere market for finished AUKUS systems, rather than a co-developer and equal, thereby eroding its industrial base and its ability to set its own strategic course. In conclusion, the Atlantic Dilemma has been sharply exacerbated by AUKUS. Europe's primary strategic challenge is now a dual one: to manage an immediate revisionist threat on its eastern flank from Russia, while simultaneously preparing for a long-term systemic shift where it must secure its place in a world defined by U.S.-China rivalry. AUKUS underscored that Europe cannot assume its input or interests will be central to American planning, particularly regarding the Indo-Pacific. The response, therefore, must be an accelerated and serious pursuit of European strategic autonomy, not as an alternative to NATO, but as a necessary complement—a means to ensure Europe can act when it must, and partner with the U.S. from a position of strength and technological capability, not dependency. Initiatives like the Permanent Structured Cooperation (PESCO) and the European Defence Fund must translate into tangible, interoperable capabilities, while EU-U.S. dialogues like the Trade and Technology Council (TTC) must work to bridge the technological exclusion gap. The dilemma remains unresolved, but AUKUS has made the imperative for Europe to invest, integrate, and assert its strategic personality more urgent than ever.

PART V: PATHWAYS TO EUROPEAN AGENCY

CHAPTER 12: TOWARD STRATEGIC AUTONOMY: CONCEPTS AND REALITIES

Europe's primary strategic challenge, often termed the "Atlantic Dilemma," is the profound and increasingly urgent tension between its entrenched post-World War II reliance on the United States for security and its burgeoning aspiration for "strategic autonomy." This dilemma is not new, but it has been violently recalibrated by the confluence of Russia's full-scale invasion of Ukraine, shifting U.S. foreign policy priorities toward great power competition in the Indo-Pacific, and the internal pressures of a fragmenting global order. For decades, European security was effectively outsourced to NATO under American leadership, allowing European nations to focus on economic integration and soft power projection. However, this comfortable arrangement has been exposed as a critical vulnerability. The crisis lays bare a stark reality: a Europe that cannot guarantee its own foundational security cannot claim to be a truly sovereign global actor. The dilemma thus forces a reassessment of whether European strategic interests will perpetually be subordinate to—or congruent with—Washington's, especially in moments of potential U.S. retrenchment or divergent focus.

The concept of "strategic autonomy" has evolved from a vague European Union aspiration into a necessary, albeit fiercely contested, framework for addressing this dilemma. In theory, it represents the capacity for Europe to act independently—militarily, economically, technologically, and diplomatically—to set its own priorities, defend its values, and protect its interests, even when they diverge from those of its allies. It encompasses a spectrum of capabilities, from a credible EU defense pillar complementing NATO (the "European pillar") to resilient supply chains, autonomous digital infrastructure, and a unified foreign policy voice. The driving ideals are sovereignty, resilience, and the reduction of critical dependencies, not just on adversaries like Russia or China, but also on the United States, particularly in defense and technology.

The realities, however, reveal a yawning gap between concept and implementation. Militarily, Europe suffers from persistent fragmentation, duplication, capability gaps, and a lack of interoperable forces and integrated defense industrial planning. National procurement preferences and protectionism undermine the scale needed for a credible autonomous deterrent. Economically and technologically, the EU remains deeply intertwined with global markets and reliant on U.S. tech giants and, in some sectors, Chinese inputs.

Diplomatically, achieving a unanimous, coherent EU position on major crises remains a formidable challenge, as divergent national interests often surface. Furthermore, the reality of the ongoing war in Ukraine has created a paradox: while it has galvanized unprecedented EU unity and highlighted the need for autonomy, it has also reinforced immediate dependence on U.S. military aid and leadership within NATO, making the pursuit of autonomy appear both more urgent and, in the short term, more diplomatically delicate.

Ultimately, the path toward strategic autonomy is not a binary choice between Atlanticism and European sovereignty, but a fraught journey to establish a new equilibrium. The most plausible outcome is a hybrid model of "assertive interdependence," where Europe builds sufficient indigenous capacity and political cohesion to be a more resilient and reliable partner to the United States, thereby transforming the alliance from one of dependency into one of genuine burden-sharing and strategic dialogue. Achieving this, however, requires overcoming decades of strategic complacency, making painful budgetary choices, and forging a common strategic culture—a task that remains Europe's defining, and unresolved, challenge of the 21st century.

12.1. Building a Credible Defense and Security Pillar (PESCO, EU Rapid Deployment Capacity)

The Atlantic Dilemma facing Europe today is the urgent need to reconcile its foundational dependence on the United States through NATO with the growing imperative for strategic autonomy, a task that has evolved from a long-term aspiration into a primary strategic challenge. This reassessment is driven by a confluence of factors: the pivot of U.S. strategic focus toward the Indo-Pacific and domestic political unpredictability, the existential threat posed by a revisionist Russia following its invasion of Ukraine, and broader global instability. The core of the dilemma lies in strengthening the European pillar of the Alliance without diluting it, ensuring credible deterrence and defense while avoiding duplication and managing the political friction that talk of "autonomy" can generate in Washington.

In response, Europe is attempting to construct a more credible defense and security pillar, primarily through the Permanent Structured Cooperation (PESCO) and the ambitious goal of an EU Rapid Deployment Capacity (RDC). PESCO represents the institutional and capability-building backbone, a framework for binding collaboration among willing member states to develop shared projects—from next-generation armored vehicles and cyber defense systems to enhancing military mobility across the continent. It aims to address chronic European shortcomings in strategic enablers, reduce debilitating fragmentation, and foster a more competitive and interoperable defense-industrial base. However, PESCO's progress has been hampered by the gap between political ambition and financial commitment, with projects often proceeding incrementally and struggling to transition from prototype to procured capability.

The EU Rapid Deployment Capacity, a key element of the Strategic Compass, is the most tangible attempt to give this pillar an operational fist. Designed as a modular force of up to 5,000 troops able to respond to imminent threats or crisis management tasks, the RDC seeks to move beyond the EU's previous ad-hoc battlegroup system, which was never deployed. Its credibility hinges on resolving persistent issues: the provision of necessary strategic enablers (like airlift, intelligence, and medical support), the political willingness to trigger deployment, and clear protocols for its relationship with NATO's rapid reaction forces. Ultimately, building this pillar is not about replacing NATO, which remains the unequivocal foundation for collective defense, but about enabling Europe to act decisively when NATO as a whole is not engaged and to be a stronger, more capable partner within the Alliance. The success of this endeavor will determine whether the Atlantic Dilemma results in a revitalized transatlantic bargain or a widening capability and political gap. The trajectory is clear: strategic responsibility is shifting eastward across the Atlantic, and Europe's security architecture is undergoing its most significant adaptation since the Cold War.

12.2. Financial Infrastructure: Instex, SPV, and the Limits of De-Dollarization

The so-called "Atlantic Dilemma" constitutes Europe's primary strategic challenge: the tension between indispensable transatlantic partnership and the urgent pursuit of strategic autonomy. On one hand, European security remains fundamentally anchored in NATO and the US security guarantee, a dependency starkly illuminated by Russia's war in Ukraine. On the other, Washington's shifting priorities, from the "pivot to Asia" to the volatility of its domestic politics and the potential return of unilateralist "America First" policies, compel Europe to develop a more sovereign capacity to act, particularly in its own neighborhood. This dilemma forces a perpetual reassessment: how to deepen cooperation with a sometimes-capricious ally while building the independent military, technological, and financial capacities to secure European interests when allies diverge. The ultimate test is whether Europe can transition from a post-war model of delegated security and financial dependence to a more mature, cohesive, and powerful actor capable of managing its own defense, diplomacy, and economic resilience without severing the vital transatlantic link.

This push for autonomy is acutely visible in the fraught realm of financial infrastructure, where European initiatives like INSTEX (Instrument in Support of Trade Exchanges) highlight both the ambition and the severe limits of de-dollarization. Created in 2019 to facilitate non-dollar, non-SWIFT trade with Iran following the US withdrawal from the JCPOA, INSTEX was a political landmark—a Special Purpose Vehicle (SPV) designed to circumvent US secondary sanctions by using a barter-like clearinghouse to avoid direct financial transfers. However, its operational limitations proved profound. It attracted minimal participation from major European firms terrified of US sanctions enforcement, handled only trivial transactions, and failed to address the core reality that global trade in key commodities (like oil) and the corresponding financial messaging are overwhelmingly denominated in and cleared through dollar systems. INSTEX thus became a symbol of the "limits of de-dollarization": it demonstrated Europe's political will to create alternative financial channels but exposed a lack of economic leverage and strategic unity when confronting the entrenched network effects of dollar hegemony. The euro's role as a funding and investment currency remains significant, but its use as a true rival to the dollar for global trade settlement, energy pricing, and financial sovereignty remains constrained by fragmented European capital markets and the lack of a unified geopolitical stance willing to actively challenge dollar dominance. Consequently, while the strategic imperative to reduce vulnerability to US extraterritorial sanctions is clear, Europe's path towards meaningful financial autonomy is a generational project, requiring a degree of integration and risk appetite it has not yet mustered. The Atlantic Dilemma, therefore, persists in the financial sphere: Europe seeks autonomy but remains deeply embedded in and dependent upon the very dollar-based system it occasionally seeks to bypass.

12.3. Technological Sovereignty: GAIA-X, Digital Markets Act, and Chip Initiatives

The Atlantic Dilemma—Europe’s foundational challenge of balancing its indispensable security dependence on the United States through NATO with its ambition for strategic autonomy—has been sharply redefined in the 21st century. While traditional military threats, notably a revanchist Russia, demand transatlantic solidarity, Europe’s primary strategic vulnerability is increasingly perceived as economic and technological. The core of the dilemma is no longer merely about sharing defense burdens, but about avoiding technological vassalage and securing the industrial capacity that underpins both economic prosperity and future security. Europe fears being caught as a regulatory superpower but a tech colony, reliant on U.S. and Chinese digital platforms, semiconductors, and cloud infrastructure. This recognition has catalyzed a profound shift: achieving Technological Sovereignty is now seen as the essential prerequisite for any meaningful geopolitical autonomy, making it the new central front in Europe’s strategic reassessment.

This pursuit of Technological Sovereignty is operationalized through a trio of ambitious, complementary initiatives. GAIA-X represents the infrastructural ambition: a project to create a federated, secure, and interoperable European data cloud ecosystem. It is a direct response to dependency on dominant U.S. hyperscalers (Amazon AWS, Microsoft Azure, Google Cloud), aiming to establish European rules for data governance, portability, and sovereignty. While criticized for its complexity and slow rollout, GAIA-X symbolizes the desire to control the digital plumbing of the economy. In parallel, the Digital Markets Act (DMA) functions as the regulatory and corrective tool. It aggressively targets the “gatekeeper” power of Big Tech, forcing interoperability of messaging services, prohibiting self-preferencing, and curbing anti-competitive lock-in. The DMA seeks to dynamize Europe’s digital market by dismantling walled gardens, thereby creating space for European competitors to emerge and scale. Meanwhile, the European Chips Act addresses the most critical hardware dependency. Mobilizing over €43 billion in public and private investment, it aims to double Europe’s global semiconductor market share to 20% by 2030, focusing on cutting-edge design and manufacturing. This initiative is driven by the acute awareness that control over chip supply chains is a matter of economic and national security, underscored by the pandemic shortages and geopolitical tensions over Taiwan.

Collectively, these initiatives represent a coherent, if ambitious, strategy to resolve the Atlantic Dilemma on its technological flank. They move beyond mere defense to building systemic resilience and competitive capacity. However, the inherent tensions of the Dilemma persist. Overly protective measures risk fragmenting the global digital economy and irritating transatlantic partners, who see European “sovereignty” as protectionism in disguise. Furthermore, the scale of investment required and the need for faster innovation cycles challenge the EU’s consensus-driven model.

Ultimately, Europe's reassessment concludes that without technological sovereignty, its geopolitical choices will remain constrained. The success of GAIA-X, the DMA, and the chip initiatives will therefore determine whether Europe can evolve from a rule-making power into a true tech-creating power, thereby forging a more balanced and self-determined role within—and not merely alongside—the Atlantic alliance.

CHAPTER 13: RECALIBRATING ALLIANCES: A MULTI-VECTOR DIPLOMACY

The Atlantic Dilemma, at its core, is the profound and increasingly tense strategic choice Europe faces between its indispensable transatlantic anchor and the complex demands of its own continental and global neighborhood. For decades, the cornerstone of European security was unambiguous: reliance on the United States through NATO, which provided a security umbrella that enabled post-war reconstruction and European integration. However, the contemporary landscape—marked by a more transactional and domestically focused U.S., the existential threat posed by Russia's revanchism, systemic rivalry with China, and instability along Europe's southern flank—forces a fundamental reassessment. Europe's primary strategic challenge is no longer a single, monolithic threat but a simultaneous multi-front pressure test. It must deter and defend against a revisionist Russia in the East, manage economic dependencies and strategic competition with China, mitigate instability in Africa and the Middle East, all while navigating an American partnership that remains essential but is increasingly unpredictable. This is the dilemma: how to deepen autonomy without triggering alliance corrosion, and how to address global challenges without overextending finite resources.

Reassessing this challenge necessitates a profound recalibration of alliances, moving beyond a binary transatlantic dependency towards a practiced and agile multi-vector diplomacy. This approach does not abandon NATO—which is experiencing renewed vigor post-Ukraine—but seeks to complement and underpin it with greater European agency. The first vector remains strengthening the European pillar within the Alliance, accelerating defense integration through PESCO and the European Defence Fund to build credible capabilities that make Europe a stronger, more capable partner rather than a perpetual supplicant. The second vector involves strategic outreach to the "swing spaces" of global geopolitics, particularly the Global South. This means engaging countries in Asia, Africa, and Latin America not as venues for great power competition, but as sovereign partners on issues of climate, digital governance, and health security, offering alternatives to purely transactional or coercive models offered by others.

The third and most delicate vector involves managing the relationship with systemic rivals, primarily China. Multi-vector diplomacy here demands a unified European de-risking strategy—reducing critical dependencies in strategic sectors—while keeping channels open for cooperation on transnational issues like climate change, and clearly delineating areas of confrontation, such as over Taiwan or human rights. Finally, this recalibration requires reinforcing Europe's own political and economic cohesion as the foundational platform for all other diplomacy. The ultimate goal is a Europe that can act as a sovereign strategic actor when it must, a cohesive ally when it should, and a global connector when it can. This multi-vector path is fraught with complexity and internal disagreement, but it is the only viable route to navigating the Atlantic Dilemma—transforming Europe from a strategic object into a strategic subject, securing its interests in an age of converging crises.

13.1. Managing the "Indispensable Ally" While Mitigating Dependencies

Europe's primary strategic challenge in the 21st century is indeed the "Atlantic Dilemma": navigating an indispensable but increasingly complex and conditional partnership with the United States. This alliance, the bedrock of European security and prosperity since 1945, is no longer the stable given of the Cold War or immediate post-Cold War era. The dilemma lies in the urgent, dual imperative to reinforce transatlantic solidarity against shared threats—a revanchist Russia, an assertive China, and systemic challenges to the liberal order—while simultaneously reducing critical vulnerabilities that stem from over-dependence on American political will, military capabilities, and technological dominance. Europe must manage an ally that remains fundamentally necessary for continental defense, as starkly demonstrated by the war in Ukraine, but whose domestic politics can produce seismic shifts in foreign policy, from retrenchment to transactional demands. The specter of a future U.S. administration withdrawing security guarantees or pursuing isolationism forces a strategic reassessment that is both urgent and fraught.

This balancing act requires mitigating dependencies across multiple domains. In defense, the challenge is to build a credible, interoperable European pillar within NATO—through initiatives like the European Defence Fund and Permanent Structured Cooperation (PESCO)—without triggering American disengagement or duplicating core alliance structures. In technology and economics, it involves de-risking rather than decoupling, reducing over-reliance on U.S. digital platforms, financial systems, and critical technologies, while avoiding protectionism that could fracture the West. The energy crisis exacerbated by the Ukraine war has further highlighted the need for diversified supplies and resilient European infrastructure. Ultimately, managing the "indispensable ally" means embracing asymmetrical interdependence: acknowledging that the relationship is irreplaceable but not unchangeable, and that European agency—"strategic autonomy" or "sovereignty"—is not an alternative to the alliance but a prerequisite for its sustainability. Europe must invest in the hard power and institutional cohesion to be a more capable and predictable partner, thereby making American commitment more durable and less susceptible to unilateral disruption. The dilemma, therefore, is not about choosing between America and independence, but about forging a new transatlantic bargain where European strength ensures the alliance's resilience, rather than European weakness inviting its potential abandonment.

13.2. Engaging the "Global South" on European Terms

The phrase "The Atlantic Dilemma" aptly captures the core strategic quandary facing Europe today: the tension between its deep, indispensable alliance with the United States across the Atlantic and the urgent imperative to autonomously engage a rapidly transforming world, particularly the so-called "Global South," on terms that secure European interests and values. For decades, Europe's primary strategic challenge was defined within the Atlantic framework—containing the Soviet Union, managing a resurgent Russia, and later, combating terrorism alongside the US. This fostered a dependency on American security guarantees and, to a degree, strategic direction. However, the re-emergence of great power competition, the war in Ukraine, and the palpable shift of economic and demographic gravity towards Africa, Asia, and Latin America have rendered this narrow focus insufficient. Europe's primary challenge is no longer merely defending its eastern flank with America, but navigating a multipolar world beyond America, where its prosperity and security depend on partnerships with nations that do not share its geopolitical priorities or historical allegiances.

This necessitates "Engaging the 'Global South' on European Terms," a goal far more complex than it appears. "European terms" traditionally meant promoting a rules-based order, liberal democracy, and conditional trade partnerships. Yet, this approach is increasingly met with resistance or indifference by a coalition of states—from Brazil and India to South Africa and Indonesia—that resent perceived Western hypocrisy, prioritize sovereignty and development, and seek strategic autonomy. They view the European (and broader Western) agenda as often conflating its own interests with universal ones, particularly regarding sanctions, climate transitions, and normative conditionality. The dilemma is that Europe cannot simply impose its terms; it must recalibrate them. This requires a fundamental reassessment of its tools: moving from a predominantly normative and lecturing posture to one of pragmatic deal-making. It means offering tangible benefits—investment, technology transfer, genuine market access, and a seat at the governance table for institutions like the IMF—without immediately demanding political alignment. It requires separating issues, cooperating on climate finance and infrastructure without expecting unanimity on Ukraine, and accepting that "partnership" may mean coexisting with different political models.

Ultimately, resolving the Atlantic Dilemma does not mean abandoning the transatlantic alliance, which remains vital for hard security. It means recognizing that the alliance is necessary but insufficient for the broader geopolitical and geo-economic contest ahead. Europe must leverage its Atlantic strength to build its own strategic capacity and then deploy that autonomy to craft a distinct offer to the Global South—one based on mutual benefit rather than paternalism, and resilience rather than sheer normative pressure. The primary strategic challenge, therefore, is one of integration: can Europe maintain a unified Atlantic defense while simultaneously executing a fragmented, nuanced, and independent global engagement strategy? Success requires overcoming internal divisions, investing in credible defense and competitive green technologies, and, most critically, accepting that in a multipolar world, engagement is a negotiation, not a lecture. The terms will be European only if they are also perceived as equitable by others.

13.3. The Role of "Mini-Lateral" Formats (E3, EU-Pacific Partnerships)

The Atlantic Dilemma—Europe's need to balance its foundational reliance on the United States for security with its growing ambition for strategic autonomy—remains its primary strategic challenge. This dilemma has been sharpened by a shifting global order, where American focus pivots to systemic competition with China, and where the reliability of U.S. guarantees can no longer be assumed with post-Cold War certainty. Europe faces the twin imperative of revitalizing the transatlantic bond as an irreplaceable asset while simultaneously building independent capacity to act in regions where American and European interests may not perfectly align. This delicate recalibration is not a rejection of the Atlantic alliance but a necessary adaptation to a more contested, multipolar world, where European prosperity and security require a more resilient and proactive stance.

Within this reassessment, "mini-lateral" formats have emerged as indispensable, agile tools for navigating the dilemma. The E3 (France, Germany, and the UK), for instance, operates in the nexus of this tension. It allows its members, particularly the EU-heavyweights France and Germany, to coordinate closely with a key Anglo-Saxon ally outside formal EU structures, facilitating rapid diplomacy on issues like Iran. This provides a channel for European influence to be projected into transatlantic policymaking, strengthening the European pillar within NATO, while also allowing for coordinated action when broader EU consensus is elusive. Conversely, the burgeoning EU-Pacific partnerships (with countries like Japan, South Korea, and Australia) represent the autonomy-seeking side of the equation. These are not alternatives to transatlantic cooperation but are complementary and distinctly European initiatives. They are designed to diversify alliances, secure supply chains, uphold a rules-based order in the Indo-Pacific, and demonstrate that the EU is a standalone strategic actor capable of defending its interests and principles alongside, but not strictly through, Washington.

Thus, these mini-lateral formats are not contradictions but pragmatic responses to the Atlantic Dilemma. They allow European states to "hedge" and "bridge" simultaneously. They hedge against potential transatlantic volatility by deepening ties with like-minded democratic partners, thereby reducing over-dependence. Simultaneously, they bridge the capability and consensus gaps within the EU itself, enabling swifter, more decisive action that can actually reinforce the collective weight Europe brings to the Atlantic alliance. In essence, they are the testing grounds and proving fields for a more mature European strategic identity—one that seeks to be a more capable and reliable partner to the U.S., precisely by becoming a more independent and coherent actor on the global stage. The ultimate challenge is to ensure these flexible groupings reinforce, rather than fragment, broader EU cohesion and a unified transatlantic strategy.

CONCLUSION: NAVIGATING BETWEEN DEPENDENCE AND CONFRONTATION

The conclusion of Europe's Atlantic dilemma—navigating between dependence and confrontation—is not about choosing one pole over the other, but about forging a new, sustainable, and sovereign path that transcends this binary. The primary strategic challenge is not merely the external threat posed by a revisionist Russia or the systemic rivalry with China, but the internal vulnerability born from an over-reliance on the United States, coupled with an underdeveloped capacity for autonomous action. Therefore, the task is one of strategic rebalancing: reducing critical dependencies while avoiding reckless confrontation, and bolstering credible deterrence while reinvigorating diplomatic channels.

This navigation demands, first and foremost, a profound and rapid investment in European strategic sovereignty, particularly in defense and technology. The cornerstone must be a fully realized European pillar within NATO, where increased defense spending translates into interoperable, modern forces and a streamlined defense-industrial base that can operate independently when necessary. This is not an alternative to the Alliance, but its essential reinforcement, transforming the transatlantic relationship from a patron-client dynamic into a partnership of capable allies. Simultaneously, Europe must diversify its economic and energy dependencies, a painful lesson seared by the war in Ukraine, to shield its political choices from external coercion.

Concurrently, Europe must develop a more nuanced and assertive diplomatic doctrine that distinguishes between confrontation and firmness. With Russia, this means maintaining unwavering support for Ukraine's sovereignty as the non-negotiable foundation for any future European security architecture, while keeping communication channels open to manage escalation and address frozen conflicts. With China, it necessitates a de-risking strategy that protects critical infrastructure and reduces over-reliance in key sectors, without decoupling or mirroring a purely adversarial U.S. posture. Europe's unique leverage lies in its regulatory power, its commitment to a rules-based order, and its ability to engage as a balancing actor.

Ultimately, navigating this dilemma is about maturity. It requires Europe to shed the comforting illusion of perpetual American oversight and the dangerous fantasy of isolation. The path forward is one of principled pragmatism: embracing the burden of its own security to become a more credible ally and a more resilient actor, while using its consolidated strength not for isolationist confrontation but for disciplined engagement. Europe's goal must be to shape its strategic environment, not just respond to it, ensuring that its foundational values and interests are defended through a blend of hardened capabilities and agile statecraft. In doing so, it can transform the Atlantic dilemma from a position of weakness into a new, more stable and balanced transatlantic compact for the 21st century.

- Summarizing the Triadic Threat Landscape: Acute (Russia), Systemic (China), Structural (USA)

Europe's primary strategic challenge, often framed as the "Atlantic Dilemma," revolves around navigating a complex and interdependent triadic threat landscape that simultaneously strains its resources, loyalties, and vision for the future. This dilemma is not a choice between a single adversary and a single ally, but the necessity of formulating a coherent strategy across three distinct, yet interwoven, dimensions: the Acute, the Systemic, and the Structural.

The most immediate and acute challenge emanates from Russia, which represents a direct, conventional military threat to the European security order. Following the full-scale invasion of Ukraine, Russia has demonstrated its willingness to use brutal force to redraw borders and undermine the post-Cold War settlement. This threat is territorial, energy-based, and hybrid, employing cyber-attacks, disinformation, and political subversion to destabilize European societies. It demands a primarily hard-power response: massive rearmament, the fortification of NATO's eastern flank, and a painful but necessary decoupling from Russian energy supplies. This acute threat consumes immediate political and military attention, forcing a continental focus on territorial defense and crisis management that Europe had believed was consigned to history.

Simultaneously, Europe faces a systemic challenge from China, which is fundamentally different in nature. China's rise represents a long-term, comprehensive shift in the global economic and geopolitical system. It is not primarily a military threat to European sovereignty but a systemic competitor that challenges the West's technological supremacy, economic leverage, and governance model. The challenge is one of "managed interdependence"—how to engage with a critical trade partner and climate interlocutor while protecting critical infrastructure, mitigating supply chain dependencies, countering intellectual property theft, and responding to human rights concerns. Europe's prosperity is deeply tied to the global system China is increasingly shaping, creating a constant tension between economic pragmatism and strategic values.

Paradoxically, the most profound structural challenge originates from the United States, Europe's indispensable ally. This challenge is twofold. First, U.S. foreign policy, regardless of administration, exhibits a long-term "pivot to Asia," reflecting the primacy of the Sino-American competition. This shift risks relegating Europe to a secondary theater, demanding that Europe assume greater responsibility for its own defense—a task for which it remains only partially prepared. Second, and more fundamentally, the volatility of U.S. domestic politics introduces profound uncertainty into the transatlantic relationship. The rise of "America First" isolationism and questioning of NATO's utility represents a structural shock to the very alliance that has undergirded European security for 75 years. The U.S. is both the ultimate security guarantor against the acute Russian threat and a source of strategic unpredictability, forcing Europe to contemplate a future where American commitment cannot be taken for granted.

Therefore, Europe's core dilemma is the need to balance and resource responses to all three challenges simultaneously, with finite means. It must deter Russia in the east while de-risking from China globally, all while building greater autonomous capacity (strategic sovereignty) to hedge against American volatility, without precipitating the very transatlantic rift it fears. Success requires a delicate, costly, and unprecedented synthesis: revitalizing NATO for the acute threat, crafting a unified and tough-minded China policy for the systemic one, and investing in European defense and political unity to navigate the structural one. The triadic landscape leaves no room for a singular focus; Europe's strategic future depends on its ability to walk this multidimensional tightrope.

- The Imperative of a Coherent European Strategic Identity

The Atlantic Dilemma lies at the heart of Europe's contemporary strategic confusion. For decades, European security was elegantly, if passively, defined by the transatlantic bargain: the United States provided the ultimate security guarantee through NATO, allowing Europe to focus on economic integration and soft power projection. However, this comfortable arrangement has fractured, revealing Europe's primary strategic challenge: the urgent need to forge a coherent and actionable European strategic identity that can navigate the dual imperatives of burden-sharing within a changed Alliance and autonomous action in the face of convergent crises. The dilemma is not a simple choice between Atlanticism and European sovereignty, but rather the necessity of achieving the latter to revitalize the former. A Europe that remains a collection of disaggregated national policies, capability gaps, and rhetorical aspirations is neither a credible partner to Washington nor a capable guardian of its own interests.

This imperative for a coherent strategic identity is driven by structural shifts. The return of great power competition, exemplified by a revisionist Russia's war on European soil and the systemic challenge posed by China, demands a strategic calculus that extends beyond the regional. Concurrently, U.S. strategic focus has pivoted, increasingly preoccupied with the Indo-Pacific and prone to oscillations between demands for European burden-sharing and manifestations of isolationist temptation. Europe can no longer outsource its strategic horizon. Furthermore, non-traditional threats—from hybrid warfare and cyber-attacks to energy coercion and economic security—blur the lines between defense, economics, and technology, requiring a deeply integrated response that individual nation-states are ill-equipped to manage alone. The absence of a unified strategic framework results in fragmented procurement, redundant capabilities, and diplomatic cacophony, undermining deterrence and global influence.

Therefore, achieving a coherent European strategic identity is not a theoretical exercise but an operational necessity. It requires progress on three interdependent fronts: capability, decision-making, and vision. First, capability must move beyond pledges to the genuine integration of defense industrial and technological bases, prioritizing interoperability, strategic enablers, and forward-looking domains like space and cyber. Second, decision-making requires overcoming the veto-centric model that hobbles the Common Security and Defence Policy (CSDP), advancing toward qualified majority voting on certain operational matters to enable swift, decisive action. Finally, and most critically, a unifying strategic vision must be articulated—one that defines European ends beyond mere stability, linking hard security with its foundational values, trade policy, and technological sovereignty. This identity would not be anti-American but pro-European, transforming the Alliance into a partnership of capable, complementary pillars. The Atlantic Dilemma thus presents a stark choice: Europe can either master the difficult art of strategic unity to shape its destiny alongside the U.S., or it can accept a future of reactive vulnerability, where its choices are perpetually defined by the decisions of others. The time for reassessment is over; the time for construction is now.

- Preserving the Atlantic Bridge While Fortifying the European Pillar

The Atlantic Dilemma facing Europe today is not a binary choice between dependency and autonomy, but a delicate, ongoing recalibration of a foundational relationship under unprecedented strain. Europe's primary strategic challenge is the convergence of multiple threats: a revanchist Russia waging a war of attrition on the continent's eastern flank, an increasingly assertive China reshaping the global order, and internal pressures from populism and economic fragility. In this landscape, the "Atlantic Bridge"—the transatlantic partnership embodied by NATO and shared democratic, economic, and security ties with the United States—remains irreplaceable. It provides the ultimate security guarantee, deep technological and intelligence synergy, and a formidable economic space. However, the administrations of the past decade have delivered a stark lesson in the perils of over-reliance. The specter of transactional alliances, potential isolationism, and the shifting of American strategic focus to the Indo-Pacific necessitates that Europe transforms from a strategic dependent into a capable and coherent strategic actor.

Thus, the imperative of fortifying the "European Pillar" is not an act of separation, but of necessary reinforcement. This involves building credible, integrated European defense capabilities—through PESCO, the European Defence Fund, and streamlined military procurement—that complement rather than duplicate NATO. It means advancing strategic sovereignty in critical domains: energy (post-Russia), digital infrastructure, cybersecurity, and resilient supply chains for raw materials and advanced technology. A stronger European Pillar, however, is not an alternative to the bridge; it is its essential refurbishment. A Europe that can take primary responsibility for its proximate security, manage its economic resilience, and project stability in its neighbourhood becomes a more capable and valuable ally to the United States. It shifts the dynamic from patron-client to a partnership of genuine, albeit asymmetric, equals.

Ultimately, the reassessment concludes that preservation and fortification are two sides of the same strategic coin. The Atlantic Bridge cannot be preserved in the 21st century in its 20th-century form; it will only endure if supported by a European Pillar sturdy enough to share the burden. The dilemma is resolved not by choosing one over the other, but by recognizing that a more strategically autonomous Europe is the precondition for a sustainable and resilient transatlantic alliance. Europe's task is to navigate this transformation with sufficient urgency to meet the threats, while maintaining the political and ideological unity with North America that has, for decades, been the cornerstone of its security and prosperity. The goal is a renewed bargain: American strategic reassurance in exchange for European strategic seriousness, ensuring the alliance is fit to face an era of systemic competition.

APPENDICES

APPENDIX A: Timeline of Key Transatlantic Crises

This timeline charts pivotal moments of divergence, disagreement, and crisis within the transatlantic alliance from the post-WWII era to the present day. These events collectively form the historical backdrop for reassessing Europe's primary strategic challenges and the evolving nature of the Atlantic partnership.

Phase 1: Foundational Tensions & Cold War Fractures

- 1956: Suez Crisis
 - The UK, France, and Israel invade Egypt to regain control of the Suez Canal. The United States, opposing the colonial-style intervention and fearing Soviet exploitation, exerts severe financial and diplomatic pressure to force a humiliating Anglo-French withdrawal. This marks a definitive end to European great-power autonomy and the clear assertion of U.S. primacy within the alliance.
- 1966: French Withdrawal from NATO Integrated Command
 - President Charles de Gaulle, seeking an independent French foreign policy and nuclear force (*force de frappe*), withdraws France from NATO's integrated military command structure. All NATO troops and headquarters are expelled from French soil. This remains the most dramatic act of European strategic dissent until the 21st century.
- 1973-1974: The "Year of Europe" & Middle East Discord
 - The 1973 Yom Kippur War triggers a profound transatlantic crisis. European nations, dependent on Arab oil, largely refuse U.S. requests to support Israel or allow U.S. bases to be used for resupply. The subsequent U.S.-led Arab oil embargo severely impacts Europe, revealing a stark divergence in geopolitical vulnerabilities and priorities.

- Early 1980s: Dual-Track Decision & Peace Movement Protests
 - NATO's decision to deploy U.S. Pershing II and cruise missiles in Western Europe to counter Soviet SS-20s, while pursuing arms control talks, sparks massive anti-nuclear protests across Europe. The crisis tests political resolve and highlights societal differences in the perception of the Soviet threat and nuclear deterrence.

Phase 2: Post-Cold War Reorientation & Balkan Tumult

- 1991-1995: Yugoslav Wars & Leadership Vacuum
 - Europe's initial declaration that "the hour of Europe has come" proves hollow as it fails catastrophically to manage the violent dissolution of Yugoslavia. The Srebrenica genocide (1995) forces a reluctant U.S. military and diplomatic intervention, exposing Europe's continued lack of military coherence and capacity for decisive action without American leadership.
- 2003: Iraq War Divergence
 - The most severe transatlantic crisis since Suez. The U.S., UK, and a "coalition of the willing" invade Iraq, opposed by a core EU group led by France and Germany ("Old Europe"). Diplomatic clashes at the UN, massive European public protests, and the rift between NATO members (e.g., Turkey's refusal of transit) fracture the alliance's unity of purpose and damage trust for a generation.

Phase 3: 21st Century Drift & Systemic Challenges

- 2013: Snowden Revelations
 - Disclosures by Edward Snowden reveal extensive U.S. National Security Agency (NSA) surveillance on European allies, including monitoring of German Chancellor Angela Merkel's phone. The scandal triggers outrage in European capitals, framing the U.S. as a security threat rather than a partner and fueling debates over digital sovereignty and trust.

- 2017-2020: Trump Administration Shocks
 - A period of sustained institutional pressure. The U.S. President labels the EU a "foe," questions Article 5 of NATO, withdraws from the Paris Climate Accord and the Iran Nuclear Deal (JCPOA), and imposes tariffs on European steel and aluminum. This accelerates European discussions on "strategic autonomy" and the need to prepare for a post-American alliance.
- 2021: Afghanistan Withdrawal
 - The U.S.'s unilateral decision-making and chaotic execution of the withdrawal from Kabul strand European allies and their local partners. Europe is confronted with its operational dependence on U.S. logistical and planning capabilities, raising fundamental questions about intelligence-sharing, mission planning, and the credibility of U.S. leadership in joint theaters.
- 2022-Present: The Ukraine War – Unity & Underlying Strains
 - Russia's full-scale invasion triggers unprecedented transatlantic unity on sanctions and military support for Ukraine. However, the crisis also exposes and exacerbates underlying dilemmas: burden-sharing complaints from the U.S., industrial capacity gaps in Europe, diverging economic impacts (energy, inflation), and tense negotiations over long-term security commitments and NATO enlargement (Finland, Sweden). The war simultaneously strengthens the alliance's *raison d'être* and stresses its material and political foundations.

Persistent, Non-Crisis Specific Challenges (Recurring Themes)

- Burden-Sharing: A constant tension from Cold War-era debates to Trump's criticisms to current U.S. congressional concerns over European defense spending (the 2% GDP NATO guideline).
- Technology & Sovereignty: Ongoing disputes over data privacy (GDPR vs. U.S. practices), digital taxation, and the dominance of U.S. tech giants, alongside European efforts to build "sovereign" capabilities in cloud, AI, and cybersecurity.
- China Policy: A growing area of divergence between a U.S. framing of strategic competition and a more nuanced European approach balancing systemic rivalry with economic engagement (e.g., debates on decoupling, the CAI investment deal).
- Industrial & Trade Frictions: From steel tariffs to the U.S. Inflation Reduction Act (2022), which Europeans see as a discriminatory subsidy drawing green investments away from the EU, threatening a subsidies war.

Conclusion of Timeline: This chronology illustrates that the Atlantic relationship is inherently cyclical, swinging between crisis and cohesion. The fundamental dilemma for Europe remains how to balance indispensable American security guarantees with the desire for strategic autonomy, while navigating a world where both systemic threats (Russia) and strategic competitors (China) demand a coherent, resourced, and united Western response.

APPENDIX B: Data on U.S. vs. EU Economic Coercion Measures

1. Introduction & Methodology

This appendix provides a comparative analysis of the United States' and the European Union's employment of economic coercion as a primary instrument of foreign policy. "Economic coercion" is defined here as the deliberate use—or threat—of economic measures by a state or union to compel a change in the policy or behavior of a target actor. These measures exist on a spectrum from comprehensive sanctions to targeted tools.

- Sources: Data is compiled from official repositories (U.S. Department of the Treasury's OFAC Specially Designated Nationals list, EU's Restrictive Measures [Sanctions] Database), policy documents, academic literature, and reports from tracking groups like the Global Sanctions Database.
- Scope: Focus is on post-Cold War (1990–present) measures, with emphasis on the post-9/11 and post-2014 (Crimea annexation) eras. It covers both unilateral measures and those enacted in coalition frameworks (e.g., UN, transatlantic coordination).
- Limitations: Direct numerical comparison is inherently challenging due to differing legal frameworks, reporting standards, and the nature of measures. The analysis therefore focuses on scale, style, and strategic application.

2. Comparative Analysis: Scale, Style, and Strategic Drivers

Aspect	United States	European Union
Primary Legal Basis	Unilateral & Multi-tooled: Broad presidential authorities (IEEPA, NEA, Magnitsky Act), powerful secondary sanctions (e.g., CAATSA). Can act without multilateral consensus.	Treaty-Based & Multilateral: Requires consensus among member states. Grounded in the Common Foreign and Security Policy (CFSP). Legally constrained to avoid extraterritorial "secondary sanctions" on non-EU parties.
Typical Arsenal	Comprehensive & Financial: Heavy reliance on financial sanctions (cutting off access to U.S. dollar system and correspondent banking), entity list restrictions (Commerce Dept.), and broad sectoral sanctions.	Targeted & Trade-Focused: Heavy use of targeted individual sanctions (asset freezes, travel bans), arms embargoes, and selective trade restrictions. Less direct leverage over global financial plumbing.
Strategic Posture	Offensive & Coercive: Frequently uses sanctions proactively to compel behavioral change, punish malign activity, or enforce international norms. High tolerance for economic disruption.	Defensive & Norm-Preserving: Often employs sanctions reactively to stabilize situations (e.g., conflicts), support diplomatic efforts, or protect the rules-based international order. Greater emphasis on humanitarian exemptions and "proportionality."
Geographic Focus	Global & Strategic Competitors: High volume of measures against Iran, Russia, China, DPRK, Venezuela, and non-state terrorist networks. Deep focus on great power competition.	Neighborhood & Regional Stability: Significant focus on the European neighbourhood (Belarus, Ukraine, the Western Balkans), Africa (Mali, Libya), and Syria . Follows U.S. lead on major adversaries but often with nuanced differences.
Enforcement & Impact	High Impact, Extraterritorial Reach: The centrality of the dollar and U.S. financial system gives sanctions "teeth." Secondary sanctions force global compliance, creating friction with allies ("Atlantic Dilemma" core).	Limited Extraterritoriality, Internal Friction: Enforcement relies on member states, leading to uneven implementation. Measures can be circumvented more easily outside EU jurisdiction. Impact often felt through lost trade and investment.

3. Quantitative Overview (Illustrative Data, 2010-2023)

Note: Numbers represent imposed/active regimes and major designations, not individual listings.

Target/Category	U.S. Primary Measures	EU Primary Measures	Alignment Notes
Russia (post-2014)	Sectoral sanctions (energy, finance, defense), sovereign debt bans, comprehensive sanctions on DPR/LNR (2022), full blocking sanctions on major banks and oligarchs.	Progressive sectoral bans (energy, finance), investment prohibitions, individual listings, limited import/export controls.	High alignment, but with divergence in pace and scope. EU more constrained by energy dependencies. U.S. measures are more comprehensive and financially severe.
Iran	Comprehensive secondary sanctions re-imposed after JCPOA withdrawal (2018), targeting oil exports, financial institutions, and entire sectors.	"Blocking Statute" enacted to shield EU companies from U.S. secondary sanctions; limited "special purpose vehicle" (INSTEX) attempted. Maintains nuclear-related sanctions.	Fundamental divergence. U.S. employs maximum pressure; EU seeks to preserve JCPOA. A clear case of coercive tool causing transatlantic friction.
China (Xinjiang/Hong Kong/Tech)	Entity List restrictions (Huawei, SMIC), Uyghur Forced Labor Prevention Act (sectoral import ban), Magnitsky sanctions on officials.	Limited human rights sanctions on officials (consensus-driven), anti-coercion instrument development, no broad sectoral or tech decoupling measures.	Low alignment. U.S. uses broad economic tools for strategic competition; EU employs narrow human rights measures, prioritizing engagement and de-risking over decoupling.
Belarus	Multiple executive orders, blocking sanctions on regime entities and officials, sectoral sanctions.	Extensive individual and sectoral sanctions, coordinated with U.S., especially after 2020 election fraud and facilitation of Russia's war.	Very high alignment. Coordinated transatlantic response to regional aggression and human rights abuses.
Terrorist Groups (ISIS, Al-Qaeda)	Global terrorist designations, comprehensive asset freezes, material support prohibitions.	Common terrorist list designations, asset freezes.	Very high alignment. Shared threat perception leads to seamless cooperation within UN and bilateral frameworks.

4. The "Atlantic Dilemma" Manifested in Data

The data reveals the structural tensions at the heart of the transatlantic partnership regarding economic coercion:

1. **Divergent Legal Philosophies:** The U.S. preference for unilateralism and extraterritoriality clashes with the EU's multilateral, sovereignty-conscious approach. The EU's development of an Anti-Coercion Instrument (ACI) is a direct response to this, aiming to deter third countries (including, implicitly, the U.S.) from exploiting economic asymmetries.
2. **Asymmetric Power & "Secondary Sanctions Friction":** U.S. secondary sanctions force European companies into a compliance dilemma: violate U.S. law and lose dollar access, or comply and undermine EU policy (as seen starkly with Iran). This turns a tool of foreign policy into a point of intra-alliance contention.
3. **Strategic Priority Misalignment:** The U.S. dataset shows a overwhelming focus on systemic rivals (China, Russia). The EU dataset, while containing these, shows greater relative weight on regional stability and conflict management in its immediate neighbourhood. This can lead to differing appetites for economic confrontation.
4. **Risk Tolerance & Economic Cost:** EU measures often reflect a higher aversion to boomerang effects on its own economies due to deeper trade interlinkages (e.g., with Russia pre-2022). U.S. measures reflect a greater willingness to absorb domestic costs for strategic ends.

5. Conclusion

The data underscores that Europe's primary strategic challenge within the "Atlantic Dilemma" is not simply about confronting external adversaries like Russia or China. It is equally about managing dependence on a U.S.-dominated financial and coercive economic architecture. While transatlantic alignment on targets like Russia and Belarus is high, the instrumental and philosophical differences in how sanctions are applied create persistent friction. The EU's drive for "strategic autonomy" in economic statecraft—evidenced by tools like the ACI, the Blocking Statute, and efforts to internationalize the euro—is a direct attempt to recalibrate this power asymmetry and mitigate the vulnerabilities exposed by U.S. coercive dominance. Thus, reassessing Europe's strategic challenge requires viewing economic coercion not just as a shared tool, but as a domain of both cooperation and competition within the alliance itself.

APPENDIX C: Key EU Strategic Documents on Autonomy (2016-2023)

The "Atlantic Dilemma" refers to the core, persistent strategic conundrum facing the European Union (EU) and its member states: navigating the tension between transatlantic alliance dependency and the pursuit of strategic autonomy. This is not a new debate, but its urgency has been dramatically reassessed in the period 2016-2023 due to a confluence of seismic events.

Historically, European security and, to a large extent, its economic and foreign policy posture, have been anchored within the U.S.-led Atlantic Alliance (NATO). This provided stability and collective defense but often resulted in European strategic subordination to Washington's priorities.

The Reassessment Catalysts (2016-2023):

1. **U.S. Strategic Reorientation:** The Trump Administration (2017-2021) explicitly questioned NATO's value, treated the EU as a trade rival, and pursued an "America First" policy. This shattered the assumption of unwavering American commitment, forcing Europe to contemplate self-reliance in defense and diplomacy.
2. **Systemic Rivalry:** The rise of China as a revisionist power and a "systemic rival" (in EU terminology) demands a unified Western response. However, European and American approaches to China differ significantly, with Europe more reluctant to fully decouple and more focused on de-risking. This forces Europe to define its own distinct China policy.
3. **The Ukraine War (2022-):** Russia's full-scale invasion was a brutal vindication of warnings about European vulnerability. While it triggered unprecedented Atlantic solidarity and U.S. leadership, it also exposed critical European deficiencies in defense industrial capacity, energy dependence, and conventional military readiness. The war made the cost of dependency terrifyingly clear, even as it reinforced NATO's immediate importance.
4. **Technological & Economic Sovereignty:** Revelations of U.S. digital surveillance, the dominance of U.S. tech giants, and the weaponization of financial and technological supply chains (e.g., in U.S.-China competition) highlighted vulnerabilities in Europe's economic base. Autonomy is no longer just about tanks and fighter jets, but about semiconductors, data, cloud infrastructure, and critical raw materials.

The Dilemma's Core Contradiction:

Europe seeks autonomy (the capacity for independent action) to secure its interests when U.S. and EU priorities diverge and to be a more resilient, sovereign actor. Yet, it simultaneously requires the alliance (particularly NATO's nuclear and conventional deterrence) to address its most pressing existential threat—a revanchist Russia. The dilemma lies in pursuing autonomy without undermining the alliance that provides its ultimate security guarantee, and in strengthening the alliance without forever relegating Europe to a dependent, junior role.

This reassessment has moved autonomy from a theoretical French-inspired concept to a mainstream, operational priority across EU institutions and major capitals, as evidenced by the flurry of strategic documents below.

This timeline charts the official evolution of the strategic autonomy concept within EU policy.

- 2016 – The Groundwork: EU Global Strategy
 - Document: "Shared Vision, Common Action: A Stronger Europe – A Global Strategy for the European Union's Foreign And Security Policy."
 - Key Language: While avoiding the then-controversial phrase "strategic autonomy," it laid the essential foundation. It called for "strategic autonomy" for the Union and introduced the pivotal concept of "resilience" (of states, societies, and institutions) as a core objective. It emphasized the need for an "appropriate level of ambition and strategic autonomy" in security and defense.
 - Significance: The foundational post-Lisbon Treaty strategy that shifted EU foreign policy from a normative, enlargement-focused model to a "principled pragmatism" aware of a more contested world. It made the case for greater responsibility and capacity.

- 2017 – Defence Awakening: Permanent Structured Cooperation (PESCO) & European Defence Fund (EDF)
 - Document(s): Council Decision establishing PESCO (November 2017) and Regulation establishing the European Defence Fund (2017, fully launched in 2021).
 - Key Language: PESCO: "Framework to jointly develop defence capabilities and make them available for EU military operations." EDF: "Fostering the competitiveness and innovativeness of the European defence technological and industrial base."
 - Significance: The direct institutional and financial tools to operationalize autonomy. PESCO binds participating member states to collaborative defense projects and increased defense spending. The EDF, for the first time, uses the EU budget to co-finance competitive and collaborative defense R&D and industrial projects, reducing fragmentation and U.S. dependency.

- 2020 – The Comprehensive Turn: "Open Strategic Autonomy"
 - Document: "A New Industrial Strategy for Europe" and related trade policy communications.
 - Key Language: The Commission championed the term "Open Strategic Autonomy." This was defined as "the ability to pursue one's own economic choices and shape one's own future, while remaining open to trade, investment and cooperation."
 - Significance: Expanded the concept beyond defense into the economic and technological realm. It acknowledged the need for autonomy in critical supply chains (e.g., pharmaceuticals, raw materials, tech) while rejecting protectionism. It framed autonomy as resilience within, not isolation from, globalization.

- 2022 – The Zeitenwende Accelerator: Strategic Compass & REPowerEU
 - Document 1: "A Strategic Compass for Security and Defence." (Approved March 2022)
 - Key Language: "We need to take more responsibility for our own security. We will act decisively to enhance the EU's posture and capabilities, in line with the level of ambition of the Strategic Compass." It announces concrete goals: a 5,000-strong EU Rapid Deployment Capacity, enhanced intelligence sharing, and countering hybrid threats.
 - Significance: Adopted weeks after Russia's invasion, it is the EU's most concrete, actionable military implementation plan. It translates autonomy into specific capability targets and operational timelines, acknowledging a "decade of growing strategic competition."
 - Document 2: "REPowerEU Plan" (May 2022)
 - Key Language: Focus on "diversifying supplies, saving energy, and accelerating the clean energy transition" to end dependence on Russian fossil fuels.
 - Significance: A landmark case study in applied autonomy in the energy domain. It demonstrated the EU's capacity for radical, rapid policy action to achieve sovereignty in a critical strategic sector.

- 2023 – Economic Security as Core Autonomy: The European Economic Security Strategy
 - Document: "European Economic Security Strategy." (Joint Communication, June 2023)
 - Key Language: "A comprehensive approach to economic security through de-risking." It outlines a triad of pillars: Promote (the EU's competitiveness); Protect (its economic security with targeted tools); Partner (with like-minded countries).
 - Significance: Represents the maturation of "Open Strategic Autonomy" into a formal, risk-based policy framework. It explicitly links internal economic strength to external security, providing a blueprint for managing dependencies, protecting critical technologies, and controlling outbound investments (e.g., in dual-use tech) without resorting to wholesale decoupling. This is the EU's direct answer to U.S.-China technological competition.

Conclusion of the Period (2016-2023):

By the end of 2023, the concept of strategic autonomy had evolved from a contested political slogan into a multi-dimensional, institutionalized policy framework encompassing defense (PESCO, EDF, Compass), energy (REPowerEU), economics and technology (Industrial Strategy, Economic Security Strategy), and health (EU Health Union). The "Atlantic Dilemma" remains unresolved—Europe is more committed to autonomy than ever but also more reliant on NATO for its core territorial defense. The documents show a clear trajectory: Europe is building the substantive pillars of autonomy to ensure it can act as a coherent, resilient global actor, both within the Atlantic Alliance when possible, and alone when necessary. The dilemma is no longer about whether to pursue autonomy, but how fast, at what cost, and how to balance it with the indispensable transatlantic partnership.

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