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A Foreign Policy Memo For The New US Administration

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Foreword

A Foreign Policy Memo for the New US Administration

By Dr. Alexandra de Hoop Scheffer

The second Trump administration takes office amid profound changes to the global geopolitical and economic landscape, presenting US decision-makers with major challenges and significant opportunities. They will need to provide urgent, innovative answers to strategic questions that will shape relations between United States, Europe, and the rest of the world for the next four years and beyond.

More than ever, issues of US and European security are linked to our complex transatlantic economy and its place in the global order. Trade, energy, access to critical supply chains, and technology are levers for cooperation—not just on defense and security, but also on factors that thrive in a secure transatlantic environment: industrial power, lasting economic growth, and reinforced democratic norms.

Chinese and Russian economic and military ambitions and Europe's recent anemic growth overshadow a critical reality: the United States and Europe continue to have the largest, most integrated bilateral trade and investment relationship in the world. US businesses invest four times as much in the EU as they do in the Asia-Pacific region, and European companies invest over ten times more in the United States than in India and China combined. Since the outbreak of the war in Ukraine, the United States has become a pivotal supplier of energy, mainly liquefied natural gas, to Europe. The transatlantic economies are changing, but they are enmeshed in complex, interdependent ways that grow out of our shared commitment to norms, open markets, and transparency. This relationship needs rebalancing, but it is undoubtedly a source of strength faced with authoritarian regimes and unfair competition.

To this end, GMF's forward-looking series offers critical insights and policy recommendations for US officials in key areas of our expertise: **transatlantic security, China, Russia, Ukraine, allied competitiveness, technology, and the resilience of American democracy**. Decisions made by this administration will have lasting impacts in all these areas and on the economic and geopolitical fortunes of the transatlantic alliance.

The Trump administration inherits a **NATO alliance** that is more robust and committed than it has been in decades, with significant increases in defense spending and the accession of Finland and Sweden. US leadership in NATO should prioritize resolving the war in Ukraine, deterring Russian aggression, and addressing emerging challenges posed by China. Doing so, writes Kristine Berzina, will mean maintaining a strong US presence in Europe, keeping Ukraine's NATO membership path open, and fostering technological collaboration among allies to counter hybrid threats.

Beijing's ambitions have **transformed China from a systemic rival to a systemic threat** to transatlantic stability. Looming behind strategic security challenges (its alignment with Russia and pressure on Taiwan) is its "Second China Shock", which targets industries critical to Western economic resilience and disrupts global markets. Andrew Small and Bonnie S. Glaser advocate for a coordinated US-EU response: aligned export controls and economic security tools, and better preparation for potential aggression by China. A united approach can mitigate the country's dominance in key sectors and ensure the transatlantic alliance's competitiveness.

The new administration also faces stark choices in dealing with **Moscow**. The Kremlin's ambitions extend far beyond Ukraine. Russia aims to undermine US leadership and NATO's security architecture. For David Salvo,

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conceding to Russia's demands for a settlement on Ukraine would weaken transatlantic security. Instead, the United States must adopt a strategy of "peace through strength": unrestricted military assistance to Ukraine, expanded sanctions targeting Russia and its enablers, and a clear vision for lasting peace. Josh Rudolph, in his contribution, elaborates on this. By arming **Ukraine** with American weapons, expanding sanctions and raising oil and gas prices, confiscating Russian assets, ensuring that Europeans pay their fair share, and leaving NATO accession open, the Trump administration would also create American jobs and markets for US companies. A good deal would successfully deter Russia and China but also avoid tarnishing Trump's record with an Afghanistan-style collapse while securing his legacy as a decisive leader of the free world.

Our democracies are also grappling with rapid technological change and economic coercion, particularly from China. Economic partnerships will be key to expanding **allied strategic competitiveness** to address unfair competition and regain leadership. To this end, Penny Naas recommends rebooting the Transatlantic Trade and Technology Council to focus on strategic industries, aligning regulatory frameworks to attract investment, and fostering joint innovation in semiconductors, critical minerals, and artificial intelligence (AI).

Lindsay Gorman underscores the decisive role played by **technological innovation** in the global balance of power. To counter autocratic advances, the United States and its allies must lead on AI, quantum computing, and biotechnology. The United States must prioritize investment in critical AI applications, foster transatlantic partnerships for quantum innovation, and implement a cohesive technology security strategy with its European and Indo-Pacific allies. Doing so requires upholding bipartisan consensus on China and reinforcing democratic values in technology governance.

Finally, but no less important, are challenges to **American democracy** in an era of **unprecedented information challenges**. Rachel Dean Wilson outlines how the US information space is fragmented by rapid technological advancements, foreign interference, and domestic polarization. This is a systemic vulnerability. To revitalize its democratic institutions and bolster US credibility, the administration should lead a national discussion about the future of the information ecosystem, integrate AI literacy into public debate, and raise awareness on foreign interference, at different scales, all while working locally and with European allies to do so.

This GMF series offers a roadmap for officials to navigate the complex challenges of our geopolitical moment. The United States' economic strength and integration into the world economy give it the power to shape the global order, defend democracy, counter authoritarian powers, and lead in technology. To succeed, it must leverage and strengthen transatlantic alliances, embrace innovative policy and technological solutions, and assert its democratic values. Navigating the next four years will demand resolve and creativity. With its allies, the Trump administration and the United States can rise to meet this moment and ensure that the transatlantic partnership remains a cornerstone of our global stability and prosperity.

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NATO: Strength in Unity

Leading the pack is better than being a lone wolf.

By Kristine Berzina

Donald Trump inherits at the start of his second term a NATO alliance that has more members, is better funded, and is more capable and committed than it has been in decades. Unlike in 2019, when French President Emmanuel Macron deemed the alliance “[brain dead](#)”, today’s NATO is focused on deterring and defending its members from a Kremlin-led global club of aggressors.

The incoming administration, to ensure US security and prosperity, will benefit from a strong and motivated team of Atlantic allies. In NATO and with its individual members, the United States has greater reach and resources to stop aggression by adversaries. Russia and China, above all, collaborate closely to disrupt and usurp American hegemony, empowering Iran and North Korea in the process.

Not the Same NATO

Trump bragged in last year’s two presidential debates about having convinced, in his first term, NATO allies to increase defense spending. His threats—and, crucially, Russia’s invasion of Ukraine—kicked investment into higher gear. Only four alliance partners met the target of spending 2% of GDP on defense when Trump initially entered the White House. Four years later, nine countries met the threshold; 23 of the now 32 allies did so in 2024. Those facing the greatest security risks, perhaps unsurprisingly, have the highest defense spending, among them eastern flank countries that border Russia. [Poland](#) spends more than 4% of its GDP, more, in fact, than the United States. This commitment to rearm and innovate benefits Washington economically and strategically. NATO allies’ defense purchases from American manufacturers grew to [\\$24 billion](#) in 2023, part of a broader [55.9% increase](#) in US foreign military sales over the previous year.

NATO has not only grown in number recently. It has also expanded its knowledge. The alliance’s newest members, Finland and Sweden, have well-funded and highly capable militaries trained in a doctrine of self-reliance and comprehensive security that the United States and other allies can absorb. NATO has also learned significant lessons for fighting with a wider range of equipment. This has come from more exercises and training, and from observing the Ukrainians’ strategy of integrating Soviet-era and Western weapons systems, such as in their “[FrankenSAM](#)” air defense.

The Return of Blocs

A strong and large NATO is an important counterweight to adversaries that are working together as never before. During the Biden years, Russia and China established a “[no limits](#)” partnership. Moscow uses North Korean troops in its war in Ukraine and tests Iranian drones and [missiles](#) against US-made systems there. The next generation of adversarial military leadership will be better prepared to fight the United States.

Trump’s first term scorned multilateral bodies in favor of direct bilateral talks. But Moscow and Beijing are moving in the opposite direction, establishing a club to counter the West. Their vision is attractive to many countries

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around the world: Russia hosted a [BRICS summit](#) in October 2024 that brought together leaders from 36 countries and even the UN secretary-general to meet with President Vladimir Putin, despite the International Criminal Court's warrant for his arrest.

The US response to a rapidly intensifying collaboration among bad actors should not be to question its own alliances. Instead, the incoming administration should strengthen the alignment of free countries. NATO offers Trump prestige and a captive audience, and, therefore, a theater for his leadership and diplomatic success, both of which can be to Washington's strategic benefit.

Alliance Challenges

At NATO, the second Trump administration's main objectives will be to resolve the current war in Ukraine and reinforce European defense, win support for US policy toward China, and resolve festering intra-alliance gaps and conflicts on defense spending and military production. Its top concern should be stopping and deterring Russia's aggression, which could extend to the alliance's eastern flank. Trump has declared ending the war in Ukraine a priority, a goal he may accomplish in his [first 100 days](#) back in the Oval Office. But this will require working with European allies on military assistance and security guarantees for Kyiv and, potentially, negotiating a role for [European peacekeeping troops](#). Both issues are highly controversial.

Maintaining peace in Ukraine is closely tied to the country's potential NATO membership. The alliance affirmed Ukraine's "[irreversible](#)" path to joining at last summer's Washington summit, but Vice President [JD Vance](#) and incoming senior Pentagon official [Elbridge Colby](#) have expressed skepticism about that. For US allies on Russia's borders, a durable European peace [is impossible](#) without Ukrainian NATO membership. A Ukraine outside the alliance would allow Putin to achieve one of his major strategic objectives and could [incentivize](#) Russia to continue military incursions into other neighboring countries.

China will be the second major NATO challenge for the United States. The incoming administration will likely prioritize the military threat that Beijing poses, potentially shifting defense resources from other theaters to address it. Many European allies [understand](#) the need to assume more of the burden for their own security, and greater production of military equipment and pre-positioning of troops in higher-risk areas is slowly [moving forward](#). But maintaining a credible nuclear and conventional deterrent requires a meaningful US presence in Europe in the short and medium term. Frank transatlantic discussions on the division of labor will be needed.

The Trump team will also have to consider the best way to incorporate NATO into US policy toward China as the alliance takes an increasingly tough stance on Beijing. Last year's summit [declaration](#) identified China as a "[decisive enabler of Russia's war against Ukraine](#)" and called out China's malicious hybrid, cyber, and space activities and nuclear advancements.

A third challenge will be addressing the defense investment gap in the alliance, which will only worsen if, as expected, Trump and NATO leaders push to [increase the defense spending target](#) at this year's alliance summit in The Hague. Member states may also define consequences for allies that benefit from collective defense but do not sufficiently contribute to it. Trump's earlier [suggestion](#) that the US would defend only those allies that spent enough on defense damaged NATO's reputation as the gold standard of defense pacts. By extension, it also dented the entire alliance's deterrence posture. The Trump administration would do better to work with allies to establish agreed consequences for insufficient defense contributions.

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Policy Recommendations

To show American strength and counter the rising ambitions of a Russian-led coalition of bad actors, the second Trump administration should:

- **prioritize a strong US presence in Europe in countries that are leaders in defense spending.** Too much attention is placed on the laggards and too little credit is given to the members that exceed alliance targets. As the US balances its global posture and seeks to maintain a robust deterrent in the Atlantic, Washington should prioritize its presence in countries that lead NATO defense spending. This will benefit the militaries of Europe's more ambitious countries through better training and preparation, and will serve as an incentive for others to invest more in their armed forces. This approach will not weaken NATO's overall deterrence and defense posture, unlike threats to retract security commitments.
- **keep Ukraine's path to NATO open.** Kyiv's desire to join the alliance reflects its attractive power and that of the United States. The incoming administration should want Ukraine's considerable experience in and knowledge of fighting a 21st-century war to help shape the alliance. This will require maintaining a path for Ukrainian membership in any peace negotiations with Russia.
- **focus on collective tasks that affect security at home.** The United States and its allies must put collective pressure on adversaries to dissuade hostile behavior on NATO territory. Allies should share information on threats (above and below threshold) and exchange best practices for preventing them. This will also involve:
 - **detering and responding to hybrid attacks.** NATO must act against the increase in Russian sabotage and China-linked hybrid attacks, including the destruction of critical undersea infrastructure.
 - **achieving a technological edge.** The alliance should pool resources, funds, and talents to keep ahead of China's technological developments.
 - **preventing terrorism and managing threats from the Middle East.** The changing political equilibrium in the Middle East increases the potential for terrorist attacks on US and European territory. NATO could be a forum for consultations on the Middle East, including on Iran and its nefarious activities, that would improve deterrence.
- **update defense spending targets and set enforceable defense spending floors.** The 2014 Wales pledge to spend 2% of GDP on defense is insufficient to counter the threat of a Russia-China-Iran-North Korea coalition. Greater defense spending is essential but so is setting a floor. Consequences for failing to reach that minimum could include a reduced presence of US troops in peacetime or restricting access to NATO innovation funds or supplemental training opportunities.
- **address economic and supply chain security.** Healthy supply chains are essential for ensuring defense. The second Trump administration should lead NATO efforts on collective investment in supply chains for economic, technological, and defense purposes. The White House could introduce an allied investment pledge, akin to that for defense spending, for critical minerals and energy resources to combine funds and know-how to develop resilient and competitive supply chains.

Kristine Berzina is managing director of GMF North.

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China: From Systemic Rival to Systemic Threat

The EU and the United States must coordinate measures to address “China Shock 2.0”.

By Andrew Small and Bonnie S. Glaser

For the United States and Europe, dealing with the People’s Republic of China (PRC) is now a challenge of such wide-ranging nature that it will cut across almost the entire transatlantic agenda of the incoming Trump administration. From addressing Beijing’s role as the “[decisive enabler](#)” for Russia’s war of aggression to rethinking the way that US-EU trade and technology ties need to be organized, China policy no longer occupies a separate silo but conditions every element of the security and economic landscape.

Under the Biden administration, Europe and the United States undertook an unprecedented effort not only to coordinate their approaches to the PRC itself, but also to advance on other fronts where the China challenge was the main motivating factor, such as EU-US efforts to negotiate agreements on steel, aluminum, and critical minerals. The two sides’ analysis has grown much closer, and in some areas, this translated into tangible results—whether conveying common red lines to Beijing on the delivery of lethal aid to Moscow and the use of force against Taiwan or tightening controls on advanced semiconductor equipment exports.

Overall, however, progress still fell short of the high stakes. Some EU member states treated the Biden administration’s partner-friendly approach as a [holiday from difficult strategic choices on China](#) rather than an optimal window in which to make them. EU-level efforts to build more effective approaches on [economic security](#), [trade defense](#), and [cyber security](#) were often slow-rolled or undercut by major capitals.

There were also areas in which the Biden administration allowed domestic political considerations to undermine efforts to build a common strategic economic approach among US partners—particularly the use of national security tools against US allies, whether the [blocking](#) of Nippon’s takeover of US Steel or the initial retention (and [suspension rather than lifting](#)) of Section 232 tariffs against the EU.

While the two sides are certainly more closely aligned and better coordinated, moving in the right direction is no longer enough. If Europe and the United States are unable to achieve results in several critical areas in the next few years, it will come at a growing cost to their security and economic interests, as well as to the broader transatlantic relationship. Success, on the other hand, would put a new set of foundations under it.

Three issues are likely to loom over the agenda for the incoming Trump administration: the threat of the “Second China Shock” to US and European industry; Beijing’s deepening coordination with Russia and other authoritarian states; and intensifying PRC pressure on Taiwan.

China Shock 2.0

Economic and technology concerns will be at the top of the list. The first “China Shock”, after China’s accession to the WTO, left a [social and political legacy](#) that transcended its economic consequences, fueling populist movements on both sides of the Atlantic. The effect accounted for [just under 60% of the manufacturing job losses in the United States](#) between 2001 and 2019, but it was the speed and concentration of the impact on specific industrial sectors

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and geographies that had the starkest effects. Europe and the United States now face a shock of even greater breadth. Where the first China shock hit legacy industries, the second iteration is also hitting advanced sectors that were supposed to provide the foundation for the West's future industrial strength.

The proximate cause of the shock is the [stagnant](#) Chinese economy and the [doubling down of support](#) from Beijing for many of the industries in question. Recent analysis of Chinese production in sectors ranging from construction machinery to lithium batteries finds capacity levels [that exceed the entire global demand pool](#). Unprecedented PRC export surpluses ([nearly \\$1 trillion in 2024](#)), brutal price-cutting, and weak demand in the Chinese market translate into a threefold hit for western companies, which see their market share in China falling and intensifying competition from Chinese firms in their home markets and third markets.

This is not a problem that will be resolved when excess capacity levels diminish. They are a byproduct of Beijing's long-term push to dominate manufacturing at [every level of the value chain](#), [substitute Chinese for Western products](#), and [build greater dependence of the rest of the world on China](#), all while strengthening China's own self-reliance. For US and EU policy responses, the effect is to further blur the distinction between trade and economic security, as highly competitive sectors of western economies [face being wiped out](#), reliance on Chinese supply chains continues to grow, and allied industrial capabilities are diminished.

Uncoordinated EU and US measures to address the shock are likely to be inadequate, ineffective, or even mutually harmful. Unilateral US trade defense efforts risk [significant diversion](#) of Chinese export surpluses to the EU. US export control, investment, and research security restrictions will fail if the PRC can obtain the same benefits from [European economies](#). Separate efforts to set high, China-focused standards on cybersecurity, data, and labor rights, or to tighten rules of origin to deal with lengthening China-dependent supply chains, risk [fracturing transatlantic trade](#) and investment ties if they are not aligned. And none of these steps will address either the competitive hit to western firms in third markets, or the [increasing levels of circumvention](#) as Chinese suppliers seek to maneuver around the rising wall of trade restrictions.

Adversarial Axis

Challenges in the traditional security sphere are equally pronounced. The PRC has played the principal enabling role behind Russia's ability to sustain the largest-scale war on the European continent since World War II. While some of this takes the form of diplomatic and political support, it is the economic backing that has been most crucial, as Beijing ensures that Russia has the material means it needs to wage war. The overwhelming majority of dual-use battlefield items arriving in Russia from foreign countries [came from China](#), either by production or by trade, as did [70% of the sensitive high-tech products](#) reaching the Russian military.

The Beijing-Moscow nexus is now at the center of a wider network of authoritarian partners, from [North Korea](#) to [Iran](#). Security cooperation among these states has drastically accelerated, bringing North Korean troops to the European theater, [advanced Russian capabilities](#) to the Indo-Pacific, and an increasing mutual flow of military and dual-use goods. The PRC provides the essential backdrop that empowers them: [undercutting](#) or dismantling the sanctions frameworks that once constrained these states and maintaining their economic lifeline, while ensuring that Beijing has "clean-hands" deniability about any of their actions. This has also elicited futile efforts to seek the PRC's help addressing those actions, accruing additional political advantage for Beijing.

Heightened "adversary alignment" has placed considerable strain on the US ability to navigate what has become a multi-front security threat. The strain was already acute. The rapid build-up of China's nuclear arsenal leaves the United States facing a two-nuclear-peer environment for the first time. And despite questions about whether the

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People's Liberation Army (PLA) will cross the threshold that could make Taiwan a PRC “war of choice” by late in the decade—following Xi Jinping’s directive that Beijing should be capable of taking Taiwan by force by 2027—there is little question that we are entering a period in which the risks of conflict are significantly elevated.

The net effects are a markedly increased burden on US global security commitments, heightened expectations that US partners will have to step up their own efforts, and a growing danger that war in one theater will cascade into others.

Policy Recommendations

The most promising approach to transatlantic cooperation in dealing with the China shock is likely to be sectoral:

- The first step is to pick a range of industries that are of greatest importance to Europe and the United States, where China’s push to dominate the sector poses the greatest risks, and adopt an “all of the above” approach to the instruments that the two sides deploy.
- This would include traditional trade defense tools, “new” tools such as the EU’s potent [foreign subsidies regulation](#) (FSR) and [international procurement instrument](#) (IPI), more rigorous and complementary use of [qualitative standards](#) (labor, environmental, cyber, data and transparency), the suite of economic security tools (export controls, inbound and outbound screening, research security), third-market-directed measures (to address circumvention and [transnational subsidies](#)), development financing tools (in areas such as critical minerals partnerships and telecoms), and measures to ensure that European and US firms have a level of mutual access to each other’s subsidies and procurement markets.
- Ideally, this would add up to an “economic security” package that allows for trade-offs across areas, much like a traditional trade deal but without the market opening, which remains politically complicated.
- This economic agenda is also crucial for the allies’ ability to retain the industrial—and military-industrial—base and technology edge required to prevail in “systemic” rivalry with the PRC, and the means to sustain the capacity to fight and deter wars.

While the transatlantic allies cannot expect to change the PRC’s fundamental approach to Russia or other authoritarian partners, they can disrupt China-Russia cooperation and raise the price for Beijing. There is considerable evidence from Beijing’s approach to sanctions compliance that the Chinese leadership is reluctant to accept significant burdens for its support to Moscow, preferring to find ways to provide backing at relatively low cost:

- As a result, there are strong grounds for a serious ramp-up of pressure on Chinese firms, and the reintroduction of the unpredictability that constrained their interactions with Russia in the early months after the invasion. This holds whether the objective is to undercut PRC support to Russian military industrial capabilities in the medium-term or to exert near-term pressure to help secure a more favorable settlement for Ukraine.
- This will require Europe, in particular, to go well beyond the existing pinprick measures against small companies responsible for circumvention to instead threaten [banks](#), [large Chinese firms with interests in both Europe and Russia](#), and [entire jurisdictions](#) such as [Hong Kong](#).

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The United States and Europe will have to undertake equally expansive—if often less visible—cooperation to strengthen deterrence against any PRC use of force against Taiwan:

- The United States and Europe should identify the levers they can pull in the event of a PRC attack on Taiwan, along with areas where Beijing is likely to retaliate. There should be a plan in place for punishing the PRC if it uses force that includes financial sanctions, export controls, and curtailing market access—a plan that targets Beijing’s persistent vulnerabilities notwithstanding its efforts to strengthen resistance to such actions.
- This will require more detailed preparation work than has been possible to date, not only for the most extreme contingencies but for a range of other gray-zone scenarios.
- While there are only limited circumstances that may see an [active European military role](#) in a Taiwan contingency, it is crucial that the two sides undertake heightened preparation for scenarios that involve simultaneity, including Russian military actions in Europe while the United States is absorbed in a conflict in East Asia. European efforts to step up the commitment to their own defense is not only a Russia question—it is an essential part of ensuring that the United States and its allies are able to deter scenarios that could resemble a world at war.

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Russia: Stand Firm or Capitulate

The Kremlin wants it all.

By David Salvo

Russian President Vladimir Putin is counting on the incoming US administration to do his bidding by pushing for a settlement to the Ukraine war largely on the Kremlin's terms, even if this does not happen, as Donald Trump has [promised](#), on his first day in office. Trump's stated objective to end the war is noble, but Putin will accept little beyond capitulation to his demands. A change to the bleak status quo in the US-Russian relationship is, therefore, unlikely unless the United States throws Ukraine to the wolves, turns a blind eye to a Russian sphere of influence along its periphery, removes sanctions on Russian individuals and entities, and accepts a loss of leadership in Europe. For accepting those terms, the United States would receive little benefit except marginal savings to taxpayer resources. Washington would also damage its national security. The second Trump administration should accept that, under wartime conditions or with an unjust peace, salvaging the relationship with Russia is neither possible nor desirable. Instead, it should use all instruments of state power to counter Russian aggression.

All or Nothing

There are two impediments to reaching a quick deal with Russia on Ukraine—one temporal, one philosophical.

The temporal obstacle is that Putin, buoyed by battlefield successes and the support of his enablers worldwide, will likely have little incentive to come to the negotiating table in good faith in early 2025. He will prefer to continue his military's meatgrinder approach to acquiring as much territory as possible to maximize his leverage in any peace talks, especially while his allies and partners appear more than willing to [assist](#) him with putting soldiers' lives on the line, keeping his military stocks [full](#), and [evading](#) Western sanctions. Putin likely wants to avoid another mass mobilization of Russian men after hundreds of thousands of casualties already. Instead, he is orienting state resources toward rallying Russians around their flag. In 2024, the Kremlin [spent](#) nearly one-third of its budget on the war. It has also [silenced](#) dissent and exploited relative [economic stability](#) and an extensive [propaganda apparatus](#) to maintain [popular support](#) for the conflict. Putin's presidential longevity and legacy also play a role. History [demonstrates](#) that military success is good for autocrats who cling to power at all costs. Further ahead, should Putin ever voluntarily relinquish his office, the complex web entangling Russian security services, oligarchs, and political decisionmakers offers no guarantee that his successor will be any less beholden to hard-right nationalist factions that oppose any conciliatory position toward Ukraine and the West.

The philosophical obstacle to a deal is Putin's ambition, which extends beyond subjugating Ukraine. Russia's war is part of a greater aspiration to assert its domination over a perceived sphere of influence, which includes regions of NATO member states with ethnic Russian populations. The Kremlin also aims to degrade US leadership and NATO capabilities in Europe. Russian military doctrine, after all, makes clear that the United States is the primary adversary. Russia could use negotiations on Ukraine to try to restructure Euro-Atlantic security architecture so that it weakens NATO capabilities and the allies' commitments to one another. Russia has tried this once before. In 2009, after a contentious two-year period during which NATO agreed to install missile defense sites in the Czech Republic and Poland, and Russia invaded Georgia, Dmitry Medvedev, then Russian president, [tabled](#) a draft European Security Treaty that sought to subsume NATO allies' security to Russian interests. Such a pact would have [effectively nullified](#) NATO's Article 5 collective security commitment, allowed for military intervention by

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one party nation in another, and effectively given Russia a veto over the development and deployment of American and European forces. It also offered no meaningful arms control mechanisms to offset Russia's decision to [suspend](#) its conventional arms control obligations. The proposed treaty could have given Russia the pretext to subjugate—by military means, if necessary—neighboring nations while curbing American and NATO capabilities in Europe.

A peace negotiation over Ukraine offers Russia an opportunity to push similar demands. Russia's insistence on Ukrainian [neutrality](#) would effectively be a veto of NATO's "[Open Door](#)" policy. And Moscow's almost-certain refusal to accept meaningful NATO and Western security guarantees for Ukraine would reflect an effort to leave a rump of the country largely unprotected and exposed to future attack. Russia could also seek commitments from NATO to reduce its footprint on its Nordic and Baltic flanks while resurrecting long-standing grievances about the alliance's missile defense installations. All this, again, would come in the absence of arms control mechanisms that allow for transparency and verification of Russian force deployments and movements.

The China Factor

For the incoming Trump administration, which wants to prioritize countering China, letting Russia win in Ukraine will neither pay off in the Pacific nor drive a wedge between Moscow and Beijing. This is not Henry Kissinger's 1970s, when the Nixon administration pursued [rapprochement](#) with China to triangulate against the Soviet Union. Historical mistrust may [linger](#) between Russian and Chinese decision-makers, but the former have little incentive to pivot away from the latter. Putin and his Chinese counterpart, Xi Jinping, share an authoritarian affinity, strive for multipolarity, and are willing to [trade](#) oil, gas, and military technologies to oppose American hegemony. Selling out Ukraine could even embolden China, which, despite Trump's anti-Beijing rhetoric, could then perceive American isolationism as a weakness and accelerate plans for unification with Taiwan.

Worth the Effort?

The instinct to normalize and stabilize relations with a nuclear power such as Russia is understandable. But it would cause Europe to be less safe and less peaceful, with the threat of Kremlin aggression looming over several US allies that Washington is committed by treaty to defend. American isolationists may be unconcerned about European security, but a strong relationship with Russia offers little benefit to US interests. Bilateral trade, even before sanctions began to be put in place in 2014, was small. Additionally, Russia's oil and gas industry competes with its American and European counterparts when Washington aims to increase energy production, particularly that of liquefied natural gas, for export to Europe. The United States and Russia operate at cross-purposes in the Middle East, where they have long been on opposite sides of conflicts in Israel and the occupied territories, Syria, and Yemen. Russia also devotes ample resources to [countering](#) American interests in Latin America, Africa, and other regions. On top of all that, Russia's alliances with China, Iran, and North Korea are becoming more entrenched while its operations to interfere in elections and destabilize societies continue unabated (these trends were ascendant during Trump's first term, too). The United States should count on Russia's maintaining a united front with its allies and partners to oppose American interests everywhere, especially if the conflict in Ukraine ends on Russian terms.

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Policy Recommendations

A second Trump administration must adopt a hardline policy against Russia. Laudable as the Biden administration's support for Ukraine has been, the innumerable conditions it imposed on Kyiv's use of American military equipment, and its piecemeal approach to providing more sophisticated military capabilities, prevented Ukraine from making more gains when it had the battlefield advantage. That approach also bought Russia time to recalibrate, mobilize, and expand its economic and military resources. Meanwhile, the Kremlin's enablers continued to support Moscow largely unabated. That must now change. The Trump administration should implement a policy of peace through strength to increase the likelihood of a just and lasting peace in Ukraine that defends American interests and that, in the long term, could change Moscow's strategic calculus so that US-Russian relations can slowly stabilize.

The administration should:

- **work on a bipartisan basis with Congress to pass a new military assistance package to Ukraine without any restrictions on the usage of US-provided equipment.** Should Russia decide to negotiate in good faith, it should come to the table without the leverage it currently enjoys on the battlefield. Trump should use his proclaimed personal rapport with Putin to defuse Russia's nuclear saber-rattling while not falling for his threats of escalation. Moscow simply cannot afford a war on multiple fronts, particularly one with the United States and NATO.
- **insist that European allies match or exceed the US aid package and make clear that future US packages will not exceed Europe's.** Collective security must continue to involve equitable burden sharing. A US cap on Ukraine aid, tied to European investments, could reduce a backlog in US weapons production and a subsequent prioritization problem. Some analysts are [warning](#) that the United States may not be able to equip Ukraine and Taiwan simultaneously.
- **restrict Russia's revenue sources by [expanding](#) the sanctions regime to include its state nuclear energy agency, Rosatom, and [third-country entities](#) that help Moscow evade sanctions.** The administration should work with G7 allies specifically on [lowering](#) the current \$60 per barrel market price cap on Russian oil exports. This would hit Russia's bottom line.
- **target Russia's enablers in the West.** Russia's ability to circumvent sanctions does not rely just on the largesse of authoritarian allies. Kremlin actors also take advantage of Western nations' policy and legislative loopholes, as well as legal and financial professionals throughout the transatlantic community, to shelter their money abroad. The Trump administration should work with Europe, including the United Kingdom, to stop this. GMF Senior Fellow Josh Rudolph [has written about](#) the magnitude of this problem, and a Royal United Services Institute [policy brief](#) outlines several policy steps the incoming administration can adopt to solve it.
- **propose a vision for a lasting peace in Ukraine and the terms for greater security in Europe.** The administration should signal to Moscow the conditions under which it would suspend military assistance to Ukraine and remove sanctions on Russian entities but emphasize that these steps are reversible in case of Russian violations of a negotiated settlement. It may be naive in the current environment to consider arms control mechanisms, but Washington should also aim, with Europe and Russia, for greater transparency in military movements. The administration should propose resurrecting an arms control regime that factors in conventional and nuclear capabilities, and emerging technologies such as drones.

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Ukraine: A Good Deal

Weapons. Money. Security guarantees.

By Josh Rudolph

A good deal to end the war in Ukraine would deter Russia from attacking its neighbor again, do the same to China, avoid an even worse collapse than Afghanistan under President Joe Biden, create US jobs while saving taxpayer dollars, and secure President Donald Trump's legacy as a decisive leader of the free world.

Achieving this will require capitalizing on Trump's position of strength with three negotiating redlines:

- **US and European weapons:** Kyiv's allies must commit to delivering all weaponry needed to make any future Russian attack on Ukraine tantamount to a suicide mission, not accepting any limitations short of nuclear weapons.
- **European and Russian money:** Trump should insist that Europe expand two funding sources Biden failed to tap: spending more European fiscal resources on a majority of Ukrainian military aid allocations, and confiscating all \$300 billion of Russia's sovereign assets and remitting it to Ukraine—which should spend half on American weapons or reconstruction contracts.
- **Credible security guarantees:** the way to ensure that, unlike the [17](#) prior Ukrainian ceasefires since 2014, Russia does not violate this one, is for NATO to uphold it. But with or without NATO membership, credible enforcement requires some 100,000 European troops in Ukraine.

Trump and his team appear to be considering Ukraine with commendable flexibility

A good deal will require some time, for two reasons.

First is that delays in US assistance undermine Kyiv's leverage. A six-month delay in enacting US Congressional assistance let Russia regain battlefield initiative. Not wanting to return to the White House with Kyiv verging on collapse, then-candidate Trump backed the supplemental and it passed. Meanwhile, Biden spent three years slow-rolling decisions to let Ukraine use advanced weapons. Afraid that Russia might escalate, Biden frequently relented only after six months of Kyiv's begging as consequences mounted on the ground.

Second is Putin. He will call this deal a non-starter. He projects confidence that his gains amid US delays give him the upper hand. And he will test Trump's resolve in the hope that his campaign pledge to end the war in one day will make Trump accept speed over substance.

The good news is that the Trump administration is showing initial signs that it will not fall into [Putin's trap](#). Earlier this month, Trump dropped his one-day promise and his nominee for special envoy to Ukraine, Keith Kellogg, [said](#) his own goal was to propose a solution within 100 days.

Previewing Trump's Ukraine strategy during the election, Kellogg [recommended](#) an end to restrictions on aid, recognition of Kyiv's claims to sovereignty over all Ukraine, and "reliable security guarantees, including possible NATO and EU membership, to deter Russia from resuming the conflict".

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In recent private talks with Trump and his team, Europeans have [grown optimistic](#) that Trump will be flexible, will not force Kyiv into premature negotiations, and may help Ukraine rebuild its leverage before talks. Ukrainian President Volodymyr Zelenskyy has also [grown flexible](#), [conceding](#) openness to leaving parts of Ukraine occupied by Russia if NATO protects the rest.

Putin looks to exploit hasty negotiations to buy time to rearm and reattack, hoping to topple Kyiv on Trump's watch

Putin remains [uncompromising](#), demanding that Ukraine never join NATO and that limitations be placed on the size of its army. The Kremlin pretends these constraints are defensive, rendering Ukraine a harmless “neutral state”.

But Putin does not want Ukraine to be neutral. He wants to conquer Kyiv or at least subjugate it under Moscow's imperial thumb. His strategic goal is to colonize Ukraine by replacing its democratically elected government with a Kremlin puppet regime, rebuilding the old Russian empire.

The fall of Kyiv would prove more humiliating for Washington than the chaotic collapse of Afghanistan—the worst stain on Biden's foreign policy record. Unlike Afghanistan, Ukraine is as strategically pivotal to great power politics as the Berlin Wall was during the Cold War—the front where East meets West. The US national security strategy [issued](#) during Trump's first term said the central challenge is the reemergence of long-term, strategic competition by two revisionist powers: Russia and China.

If Russia colonizes Ukraine, China would do the same to Taiwan, and neither revanchist crusade would stop there. Brinkmanship would proliferate as nuclear powers including North Korea learn that aggression goes unchecked. Any US president who allows that strategic catastrophe would go down in history as abdicating his mantle as leader of the free world, reducing the United States to a mere regional power atop one of several chaotic spheres of influence.

To work toward that goal, Putin has one negotiating objective: [buy time](#) for Russia to rearm and reattack. That is why he wants to block Ukraine from NATO and limit its defensive capabilities: to make it easy prey.

This time, Putin would not repeat his 2017–2020 mistake of missing the opportunity to invade when Trump is still in office and the Western alliance is divided. China likewise would not miss the opportunity to take Taiwan.

Trump can avoid that historic embarrassment by working with Europe to deter Russia with weapons, money, and security guarantees.

Trump may be the only allied leader in a position to all but assure Ukrainian victory

Because his supporters will take their cue from Trump, he alone can build the sustainable public support across the US political spectrum needed to win a major war.

Russia cannot compete with the scale of Western economies. Russia dedicates [10 percent](#) of its GDP to its war effort, whereas the West is helping Ukraine fight to a draw by spending less than [0.2 percent](#) of its GDP.

With Trump seen as coming from an opposing political perspective, his unexpected turn towards standing up to Russia in Ukraine could be applauded as no less historic than Nixon's trip to China.

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Policy Recommendations

The Trump administration should:

- **approach Putin from a position of strength.** Whereas Putin looked tough and capable at the outset of Trump's first term, his blunder in Ukraine has left him [diminished](#). A war meant to last three weeks has lasted three years, causing over 700,000 Russian casualties and laying bare Russia's military incompetence as it limps along with Iranian drones and North Korean soldiers. Russia recently failed to prop up its client regime in Syria and is spiraling towards becoming a vassal of China. And Putin pushed Sweden and Finland into NATO. By contrast, Trump commands the world's most powerful military, presides over the fastest-growing G7 economy, has advanced allies dedicated to Ukraine, and just pulled off a historic political comeback. As the dominant partner in this relationship, Trump, not Putin, can set negotiating terms.
- **Know when to walk away.** A critical moment in the negotiations will come when Putin refuses to make major concessions. Trump must be prepared to walk away, as he rightfully did in negotiations with North Korea when Kim Jong Un was unwilling to denuclearize.
- **Combine sanctions with lower oil and gas prices.** The best way to make Putin see that pressing on in Ukraine would spell disaster for his rule is to [pressure](#) Russia financially. In its final days, the Biden administration [ratcheted up](#) oil sanctions on Russia, a solid move that came three years too late. On his second day in office, Trump [threatened](#) Russia with higher taxes, tariffs, and sanctions if Putin refuses to make a deal. But those policy sticks are not enough. Harnessing his warmer relationship with Saudi Arabia than Biden enjoyed, Trump should flood the fossil fuel market, which would make the sanctions sustainable, starve Russia's war machine, and generate political stability risks in Moscow.
- **Arm Ukraine to the hilt—and create American jobs.** The Trump-Kellogg approach of lifting weapons restrictions and sustaining US military aid to lure Ukraine to the negotiating table calls for another supplemental, given that the Biden administration spent down all but \$4 billion. This is also key to turning around the battlefield initiative before striking a deal. Almost [90%](#) of this money would stay in the United States, funding the paychecks of factory workers who voted for Trump in states that he won: at General Dynamics' artillery shell facilities in Pennsylvania and Texas, Northrop Grumman's gun truck production line in Arizona, Raytheon's missile factory in Alabama, Lockheed Martin's F-16 plant in South Carolina, and others.
- **Confiscate Russian assets—and reduce the taxpayer burden.** The easiest way to augment US-funded Ukraine aid—and show China that attacking Taiwan would be costly—is to give Kyiv all \$300 billion of Russia's frozen assets. The Trump administration should lead by example by implementing the REPO Act more boldly than Biden did, remitting to Kyiv the [\\$5 billion to \\$19 billion](#) of US-domiciled Russian assets. Then it should press Europe to follow suit, given that most of the money is held there. Trump's designated treasury secretary has already [endorsed](#) this. The \$300 billion should be warehoused in a well-governed Ukrainian development bank founded for this purpose. Trump could insist that Ukraine spend half the money on contracts with US companies.
- **Make Europe pay more for weapons and keep the peace.** Although Europe has [committed](#) more than twice as much support to Ukraine since 2022 as the United States has, the US share is slightly larger when looking only at allocated military assistance: \$62 billion/50.5%, compared to \$61

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billion/49.5% from Europe. Although that is razor-close to 50/50, it allows Trump to insist that Europe allocate a majority of military assistance. Europe should also provide [100,000 troops](#)—including divisions from the continent’s two nuclear powers, the United Kingdom and France—to keep the peace, while the United States could provide enabling systems such as missile defense and air power.

- **Enable American companies to rebuild Ukraine.** Postwar Ukraine will be the world’s greatest investment opportunity, like Western Europe after World War II and Eastern Europe after the Cold War. To ensure the US private sector benefits, a good deal would stipulate that companies hired in a [Marshall Plan for Ukraine](#) hail from nations that dedicated the most public resources since 2022—meaning the United States and Europe, but not China.
- **Make history with NATO.** When the original Marshall Plan got underway in 1948, Soviet encroachment showed that postwar investments must be secured. So, in 1949, NATO was founded. Wealth does not last without security, which is why Kellogg referred to the EU and NATO jointly. The unparalleled credibility of NATO’s security guarantee means it costs less than alternatives because no adversary dares attack NATO. Negotiations need not begin with admitting Ukraine into NATO, which would be a non-starter for Putin.

The Trump administration, however, should prepare for when Putin refuses to accept reasonable terms, at which point Ukraine should be invited to join NATO, with the occupied territories considered parts of Ukraine not currently protected by the alliance. This would also protect Trump’s deal from unraveling like past agreements with weak security guarantees. That ignoble diplomatic history extends from Neville Chamberlain’s Munich Agreement to both deals in post-Soviet Ukraine: Bill Clinton’s Budapest Memorandum and Barack Obama’s Minsk agreements. With Ukrainian entry into NATO, Trump could legitimately claim he made NATO strong by enlarging it to include Europe’s biggest army. This could come with timeless imagery of an American president changing history on NATO’s eastern frontier unseen since Ronald Reagan’s speech at the Berlin Wall. It would eclipse Biden’s accomplishment of bringing Sweden and Finland into NATO. And it would provide a more durable legacy than foreign policies not enshrined into Senate-ratified treaties, like Obama’s Iran nuclear deal, Paris climate agreement, Trans-Pacific Partnership, and opening to Cuba. Bringing Ukraine into NATO will lock in Trump’s place in the pantheon of American foreign policy.

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Allied Strategic Competitiveness: Partnerships Will be Key

They are the best way to protect Western economies from unfair competition.

By Penelope Naas

The post-World War II economic system is no longer “fit for purpose” to tackle current problems. With innovation occurring ever more rapidly, an ongoing massive energy transformation, and rising new geopolitical actors, belief in future economic prosperity has dissolved. Fear and a sense of unfairness in an unbalanced world has shattered confidence in that.

Technology and digitalization are among the areas evolving quickly, requiring speed to market, scale, and constant innovation. All three are also required if investment in breakthrough technologies is to be sustainable. Countries and companies that provide the foundation for this environment are winning the game.

State-directed capitalism, which is rewriting the rules of the global economy to advance strategic interests, is among the victors. It provides planning stability and a focus on scaling manufacturing and technology to win. The United States, however, takes another approach. It unleashes competitive “animal spirits” in a low-regulatory environment to nurture the best ideas and allow markets to select winners. Europe sits in the middle, regulating new industries to protect citizens but providing neither the planning direction nor the financial support nor the regulatory freedom to innovate that other systems do.

Democracies, while providing individual freedoms to thrive, struggle to keep pace with state-directed capitalist systems. For too long, the transatlantic alliance has moved too slowly, producing too few results for the size and scope of its economic relationship. But alliances matter. They provide the scale needed to tackle today’s challenges facing trusted partners that share objectives. Unfortunately, the return on time invested in allied competitiveness has been minimal. To improve that, the United States and its allies must recommit their partnership to doing, not just debating.

Western postwar institutions are creaking under the weight of 21st-century challenges. The rules-based order has eroded, leaving a vacuum that rivals are all too eager to fill. The United States and its allies need new forms of collaboration given that multilateral organizations such as the World Trade Organization and bilateral forums such as the Transatlantic Trade and Technology Council (TTC) are being rebooted or retired. It is time for “radical change”, as former Italian Prime Minister Mario Draghi put it [an April 2024 speech](#).

Europe needs to improve its competitiveness in part because Donald Trump believes that they, among other countries, are taking advantage of US largess. To rebut that, Europe must become a stronger partner and equalize the transatlantic relationship. In 2008, the eurozone and the United States had nearly equivalent gross domestic products (GDP) of, respectively, \$14.2 trillion and \$14.8 trillion. By 2023, eurozone GDP had stagnated at just over \$15 trillion, while the United States’ soared to \$26.9 trillion. Draghi and another former Italian prime minister, Enrico Letta, noted this growing imbalance in their 2024 European Commission reports on Europe’s economic challenges. They also proposed ways for improving the continent’s growth in three fundamental areas: defense, energy, and innovation.

There are additional reasons for Europe to put its economy in higher gear, and for the United States to support that

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effort. Recent experience with Chinese electric vehicles, exports of which jumped from 1 million in 2020 to 6.4 million in 2024, provides a template for Beijing's potential ability to grow and supplant transatlantic companies. Speed is essential to prevent this.

The United States cannot lose sight of the economic challenges and should rededicate itself to working with allies to boost collective and individual competitiveness, align economic policies, encourage collaboration, and establish mutual support mechanisms against economic coercion and theft of our innovations. Rivals are not biding their time. They are making technological breakthroughs that strengthen their grip on global supply chains. The transatlantic partners need to respond by focusing on common goals and to work continually to advance their citizens' economic prosperity. Pace and prioritization are the pathways to action and breakthroughs.

Policy Recommendations

The Trump administration should pursue a policy of “**promote and compete**”. Now is not the time to take the foot off the gas. The United States, with the EU and other allies, needs to go all out to maintain or regain leadership in the industries critical to the present and future. This includes:

- **rebooting and reconstituting the TTC.** Launched during Trump's first term, the TTC has become unwieldy, its mandate too broad. It needs to focus on turbocharging collective allied policies for maximum impact. More collaboration is needed, such as that the TTC fostered with quick, joint economic responses to Russia's invasion of Ukraine. More tangible action through prioritization and accelerated work is needed.
- **creating attractive environments for investment.** This includes appropriate regulatory environments, attractive returns, and fair taxation—without new and unnecessary disputes with allies.
- **managing disputes over long-standing and emerging issues.** A commitment to tackle disputes quickly and respectfully via bilateral mechanisms will allow allies to focus on joint efforts to address unfair competition from China and other malign actors. Fighting among allies diverts attention from the global race with China and its partners.

The United States must collaborate with allies to exploit complementary but unique advantages and to nurture breakthrough technologies. Bloomberg predicts China will be at par with the West or leading on 12 of the 13 most critical technologies by 2030. Allies must work together to accelerate innovation and disrupt Beijing's march to economic and technological dominance. Areas of opportunity include:

- pooling individual strengths to reinforce **supply chains** in critical legacy industries, such as **transportation (autos) and aviation**.
- collaborating with allies to create **cross-border ecosystems** to support the most critical emerging technologies, such as semiconductors, quantum computing, and artificial intelligence.
- prioritizing **joint research and commercialization** of technologies, such as biosolutions, energy technologies, and pharmaceuticals.
- tackling areas in which common **dependencies exist, such as critical minerals**
- expanding joint **development assistance tools for nonaligned countries** in the “Global South” that foster partnership and entry into supply chains.

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- considering sectoral, supply chain, and free trade agreements with allies. AUKUS is providing some new supply chain options, and the United Kingdom and Greenland could be strong partners for new trade and economic frameworks.

Lastly, the United States and its allies need a common approach to **protect** markets and supply chains from hostile threats. The incoming administration should continue efforts for joint responses to economic coercion and joint use and enforcement of economic tools by:

- **confirming, as a first step, priorities** for technology and energy infrastructure.
- enhancing dialogue with allies, via G7 or bilateral forums, for greater coordination.
- ensuring that all allied countries adopt policies that ensure a level playing field with authoritarian, state- directed competition.
- coordinating economic security actions, including tariffs, sanctions, investment screening, and export controls.

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Technology: The Race is On

Upholding the China consensus is better than upending it.

By Lindsay Gorman

The second Donald Trump administration inherits a Washington significantly more unified on the technology threat from the People's Republic of China (PRC) and on the imperative for American innovation competitiveness. Allies in Europe and the Indo-Pacific have begun to come along, even if some more readily than others. But the nascent and fragile consensus must hold, and a kick in the pants is needed for democracies to win the strategic technology competition vis-à-vis autocrats.

An Era of Rapid Technological Innovation

The [decisive decade](#) in technology competition is underway, and the pace of innovation is expanding rapidly with deep implications for security, geopolitics, and democracy. Who develops, applies, and integrates cutting-edge advances in artificial intelligence (AI), biotechnology, quantum information, and emerging industries most effectively will determine which countries control the 21st century's means of production—and whether these systems are built and governed to underpin or undermine freedom and democracy.

The coming months and years will see a transition from initial large language models to transformative applications of generative AI across diverse industries from medicine to agriculture to logistics. In medicine, one study [found](#) that ChatGPT alone outperformed human clinicians and human-AI teams in diagnosing medical conditions from patient reports. In agriculture, farmers in India piloting AI tools for soil testing, quality testing, and chatbot advisories [saw a 21% increase](#) in plant growth using less pesticide and fertilizer. And breakthroughs in quantum chip technology that achieve [robust error correction](#) now complete in five minutes the computations that would take the world's fastest supercomputer 10 septillion years. This development brings us closer to the construction of fault-tolerant quantum computers that could upend modern encryption.

As generative AI images, video, and audio improve, deepfake content has also proliferated from [crisis](#) to [crisis](#), creating a new genre of information graffiti known as “[AI slop](#)”. Democracy itself is not immune. In the last year, GMF's [Spitting Images](#) Electoral Deepfakes tracker identified 177 election deepfakes in 31 countries. On the flip side, democracy-affirming technologies that empower users with transparency are also on the rise, presenting opportunities for innovation. The now 3700-member-strong Content Authenticity Initiative builds provenance information into images and videos, creating digital “ingredient lists” that follow content around the internet as tamper-resistant records of authenticity. Major technology, media, and camera companies including Google, Amazon, Adobe, BBC, CBC, Sony, and Nikon, to name just a few, are adopting this technology in tools, software, and reporting.

Autocrats Advancing

The geopolitical landscape today also looks different from four or eight years ago, with the PRC becoming more dominant in critical technology industries, advancing cyber capabilities, and increasing technology cooperation with Russia through the two countries' “no-limits” partnership.

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In 2015, Beijing released its landmark Made in China 2025 industrial plan, aiming to revolutionize its economy from that of a low-cost manufacturing base to a high-tech superpower. Based originally on Germany's Industry 4.0 plan, Made in China 2025 identified leadership goals in 10 critical industries from advanced computing and biotechnology to new energy vehicles and storage. It was a wake-up call to the West, so much so that the Chinese Communist Party quickly stopped talking about the plan for fear of provoking further backlash. Now, in 2025, the PRC has succeeded in many of these technology goals. The country's firms produce nearly [two-thirds](#) of the world's electric vehicles (EVs) and more than three-quarters of EV batteries. They leverage a record 3.5 million 5G base stations to implement industrial internet projects worldwide. In the field of biotechnology, subsidies, incentives, and partnerships deliver fast strides. Between 2017 and 2022, clinical trials doubled, and an emphasis on bulk biometric data collection has meant that the PRC now holds more [genetic sequencing data](#) on Americans than the United States itself does.

The PRC-Russia rapprochement has also seen a deepening in technology cooperation. Binnopharm Group, one of Russia's largest pharmaceutical manufacturers, with a portfolio 450 medicines strong, was a creation of the Russia-China Investment Fund. PRC and Russian scientists established [quantum communication](#) between ground stations near Moscow and Urumqi, planting the seeds for a quantum BRICS internet. Meanwhile, [significant cyberattacks](#) from PRC state-backed groups Salt Typhoon and Silk Typhoon demonstrate increased sophistication, penetrating US networks and gaining access to calls and texts of high-level politicians including the president and vice president.

No longer a prospective threat, today's PRC is a fierce competitor with the ambition and ability to lead in tomorrow's technologies. The new administration must take deliberate, smart, and sustained action leading democratic allies and partners to win the technology race.

A Fragile China Consensus

Trump's first term spurred an awakening in Washington to the threat that unfettered integration with the PRC posed to liberal democracies, especially that regarding technology-centric issues of intellectual property theft, espionage through cyber and 5G communications networks, and surveillance-enabled human rights abuses in Xinjiang and beyond. That view has only grown stronger, louder, and more bipartisan over the last eight years, as evidenced by major technology competition legislation in the CHIPS and Science Act and technology security legislation to force a sale of TikTok, both adopted with overwhelming bipartisan support. Retreating from this consensus would be disastrous.

Europe is starting to see the challenge, and policymakers have made major strides at least in words, even if their actions are slower. European Commission President Ursula von der Leyen introduced a [de-risk strategy](#) for high-tech areas including microelectronics, quantum computing, robotics, AI, and biotechnology. Under her leadership, the Commission has also begun to pursue a clear-eyed techno-economic security agenda. It includes beefing up screening and restrictions on technology investment flows to China, taking up [unfair intellectual property practices](#) in the World Trade Organization, imposing duties on Chinese [battery electric vehicles](#) (BEVs) to combat unfair subsidies, and issuing a landmark [report on European competitiveness](#) whose "most important" imperative was to close the innovation gap. Yet not everyone has gone along with the program. Berlin finally agreed to oust Huawei from its 5G networks—an effort Trump's first administration pushed—but only in time for the arrival of 6G. The EU-wide BEV tariffs were almost kiboshed by an aggressive campaign from German Chancellor Olaf Scholz himself.

The United States needs quick action from its allies and a more robust transatlantic consensus on the PRC. But if

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Washington wavers in its resolve or goes too far in alienating Europe, it risks driving the continent back toward a self-defeating balancing act between the PRC and the United States.

Policy Recommendations

To put the United States' best foot forward in a heated and rapidly evolving geopolitical competition, the second Trump administration should undertake the following measures.

- **Build US and allied technology power by:**
 - **identifying and investing in critical applications of generative AI.** The United States has a head start on generative AI models. It needs to be first to apply and integrate them successfully across key future industries. Building off the White House Critical and Emerging Technologies List, the administration should select five to 10 critical application areas of AI and prioritize investments and public-private partnerships to drive their innovation.
 - **doubling down on US and allied biotechnology leadership.** The administration should create a democratic biodata initiative with like-minded partners, such as the Quad, to fuel high-quality research in genomics and the biotechnology applications of AI. It should also launch AI and biotechnology moonshot initiatives that apply AI advances to stated priorities from ending chronic disease to advancing synthetic biology, conducting several with European technology centers.
 - **ensuring the US lead on quantum and forge transatlantic cooperation.** The administration should support public-private initiatives to crowd-in capital, attract talent, and build regional quantum hubs. It should use its purchasing power to accelerate the adoption of post-quantum cryptography in the United States and extend those standards to Five Eyes nations and NATO defense systems.
 - **working with Congress to appropriate the science aspect of the CHIPS and Science Act.** Key provisions for US innovation competitiveness of the \$200 billion "science portion" of the law were authorized but remain unfunded.
- **Directly confront the PRC technology threat by:**
 - **upholding the Washington consensus on the PRC and wield US power to strengthen it abroad.** Many players have a stake in US policy toward Beijing, but now is not the time to upset the apple cart. Trump should send a clear signal, guided by his key national security advisers, on the importance of outcompeting the PRC on technology and put European action atop the transatlantic priority list.
 - **forcing a sale of TikTok and then working with Congress to pass comprehensive legislation on autocratic apps.** Backtracking on TikTok will send the wrong message to allies and adversaries alike. The new administration should resolve the TikTok issue and then build a framework that can handle the next PRC app to go viral. It should promote this framework to key US allies and partners, beginning with the Quad and Five Eyes.
 - **developing a common operating picture of the PRC technology threat for a data-driven understanding of technology competition.** The new administration should establish a

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National Technology Competitiveness Analysis Center to perform red-blue team analyses in key technology industries and adopt a technology stack framework for understanding PRC penetration of network infrastructure (5G/6G, satellites, undersea cables), data and cloud services, devices, applications, and governance.

- **strategically implementing a techno-economic security toolkit with European and Indo-Pacific partners.** Work closely with the European Commission to harmonize outbound investment screening regimes in biotech, quantum, AI, and semiconductors.
- **Operationalize foreign policy for strategic technology goals by:**
 - **directing the US-EU Trade and Technology Council toward concrete outcomes and milestones.** Prioritize joint technical and policy projects such as building a transatlantic AI cloud, conducting privacy-preserving machine learning pilots, and pursuing joint funding models for transatlantic innovation. Move the trade agenda to a different forum.
 - **launching a new multilateral export control regime for the modern technology era.** A replacement for the Wassenaar Arrangement is sorely needed due to Russia's presence and outmoded ideas on dual-use technology.
 - **assisting with developing Europe's defense technological base.** Integrate lessons from Ukraine on drones and cyber into NATO planning.
 - **building high-quality technology infrastructure requirements into allied and transatlantic digital development policy.** Bring back the Blue Dot network from the first Trump administration to provide a democratic technological offering to third countries.

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US Democracy: Confronting A New Information Age

Adversaries continue to exploit the evolving online terrain.

By Rachael Dean Wilson

Just before their 2024 presidential election, [58%](#) of American voters [said](#) that the US political system needs a major overhaul. Another survey revealed that only [4%](#) described the system as working “very well” or “extremely well”, and fewer than a quarter said “somewhat well”. Trust in US institutions has long been in a steady [decline](#). Americans voted last year for change, and all signs indicate that Donald Trump is focused on delivering it.

This could be an opportunity for the US government to show its citizens and the world, particularly adversaries, that American democracy is capable of approaching and adapting policy issues—among them the economy, immigration, trade, and security—with fresh eyes and creativity.

But new policies on hot-button issues can move the country only so far. The incoming administration, if it is to be effective, must also address other systemic problems that cut across policy areas. These include a fragmented information space, foreign efforts to undermine US democracy, and, at home, the fraying of community connections. These three challenges degrade American unity and, abroad, its competitiveness.

The Information Free-For-All

Rapid technological developments mean Americans find themselves in an increasingly complex and fragmented information space. More options for sources of information are not necessarily a negative, but the world is in the midst of a massive transformation in communication. Trust in traditional media is crumbling, as is its audience, and new platforms, voices, and outlets are constantly emerging. At the same time, advances in generative artificial intelligence (AI) offer opportunities for creatives, professionals, and malign actors alike. Quality information is consequently ever harder to identify, in part due to information silos and political polarization. The idea of reaching most Americans with any particular message has become almost impossible.

This presents challenges for a democracy that has long functioned on fierce policy disagreements over shared facts. Now, facts themselves are the subjects of disagreements. This hinders any administration’s ability to connect with a broad swath of Americans, which has significant social impact.

Meta’s recent announcement that it is moving away from content moderation and toward a “community notes”, X-style model signals that the information space battle between content moderation and freedom of speech has been settled, at least for the moment. But that does not negate the need for political leaders to remain engaged in the future of the information ecosystem and help shape it, in part to serve the national interest. Social media companies, for example, should be incentivized to prioritize official sources of information when there is breaking news of great import such as a natural disaster. These companies have sole control over content prioritization decisions.

The incoming administration and other political leaders should play a significant role in helping shape the function and impact of the evolving information environment. This will require understanding competing political and

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industry interests, and ensuring that platform policies and regulations bolster the democratic fundamentals that have long defined American society.

The Threat From Abroad

The developing and relatively immature new information space presents an opportunity for American adversaries that seek to benefit from exacerbating domestic US disputes and undermining the country. Russia, China, and Iran may each have its own geopolitical aims and interests, but all stand to gain from a seemingly flailing US democracy. Domestic disarray makes it more likely that Washington's focus is inward and attention to international affairs limited, leaving ample room for adversaries to make power plays. A United States in turmoil also offers authoritarians a chance to put a gloss on their systems by painting democracy as the epitome of dysfunction.

American adversaries are honing their information operations against the United States and its allies. Using new tools such as generative AI and tactics such as zombie and mirror sites, these foes are engaged in increasingly sophisticated interference efforts. Their operations are often aimed at further polarizing domestic US debates and amplifying Americans' disenchantment with democracy. The post-election period will see only limited letup in these malign actors' efforts.

To be clear, this threat does not only emanate from abroad; domestic players, in fact, drive most social cleavages. But foreign efforts exacerbate the challenge. In August 2023, for example, a China-linked network of social media accounts [used](#) AI-generated images and false claims of a "weather weapon" to add to the chaos during the wildfires that decimated parts of Maui.

Closer to Home

It is easy and logical to assume that adversaries' efforts to exacerbate division in the United States concentrate on the national level and on elections. That would be a mistake.

Over the last eight years these efforts have expanded to states and local communities, sometimes [exploiting](#) the legitimacy of local news outlets or inserting agents into government offices, as was [the case](#) in New York. And some activities involve [sustained campaigns](#) that have no link to elections at all. They target political communities on the left and the right on issues that matter to both.

This adversarial information environment will not abate, and US communities remain vulnerable in large part because they are unaware. States and communities can adjust to the new information space—and foreign weaponization of it—by raising awareness among political leaders and resilience in the populace. The federal government has a role to play here. In addition to its ongoing responsibility to investigate and prosecute foreign interference, it should communicate widely about the tools and tactics used to combat these operations.

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Policy Recommendations

A second Trump administration should not allow systemic and geopolitical challenges to undermine democratic fundamentals. To shape the information sector of the future, confront US foreign adversaries, and support community connection and resilience the administration should:

- **lead a national conversation on the new information space.** The administration should spur debate on shaping the evolving information environment. It should convene a task force comprising representatives of social media companies, policymakers from both major parties, and community leaders from across the country to lay out a future for the information sector and the steps for shaping and protecting it.
- **fold AI literacy and the information environment into the AI czar portfolio.** The incoming czar, David Sacks, has a big portfolio but also a robust team. While it will rightly be focused on legal frameworks, AI industry considerations, and competitiveness, the team should also look at AI's impact on and role in the information sector. The adoption of an AI literacy framework would better prepare Americans to navigate this increasingly fraught information environment and excel in an AI-heavy economy.
- **streamline messaging on foreign interference and information operations.** The White House should emphasize in communications about foreign threats to the United States the tactical details and ultimate goals of Iranian, Chinese, and Russian information operations that target Republicans and Democrats. It should build on the pre-election foreign interference reports from the office of the director of national intelligence to depoliticize the issue of foreign interference and information manipulation, and to focus public attention on threats from foreign adversaries and US responses to those threats.
- **coordinate with European allies on responses to foreign interference.** Despite different approaches to freedom of speech and the information sector, the United State and Europe can agree that foreign adversaries must not interfere in the domestic politics of Western nations. More robust penalties for such efforts can emerge from information sharing and coordinated responses.

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