



Transatlantic Relations in Turbulent Times

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CONTEXT

Multilateralism and the rules-based order have been under increasing strain, as fragmentation and protectionism return to the center of international relations. The consequences of this scenario have been particularly significant for the European Union, given that the decline of the United States–EU relationship carries structural implications for the bloc.

This is not a new dynamic for the European Union system. The current context bears resemblance to the 2003 Iraq crisis, often described as an *annus horribilis* for multilateralism. At that time, the invasion of Iraq exposed deep divisions within both the EU and the United Nations Security Council. In this sense, the transatlantic relationship (TAR) has never been straightforward; tensions related to human rights, as well as commercial and economic disputes, have always been present.

Nevertheless, U.S. administrations from both parties have historically supported European integration. Periods of strong engagement have also emerged, such as during the Biden administration, which was seen as a window of opportunity, reflected in summits, joint declarations, and the creation of platforms to address trade and technology issues within the TAR. Similarly, during the Obama administration, there were at least consistent efforts to strengthen transatlantic cooperation in trade and technology.

This has changed since 2025, as Donald Trump stated that the EU is, in many ways, a destabilizing player in the international system. More recently, a new National Security Strategy¹ released in November characterized the EU as pursuing a trajectory described as a form of “civilizational erasure.” Such narratives suggest the possibility that the United States may support European

¹ [Trump administration says Europe faces 'civilisational erasure'](#)

governments that align more closely with its ideological preferences and priorities.

Against this backdrop, managing the relationship becomes increasingly complex. The European Union itself is a multifaceted structure, composed of 27 sovereign countries with diverse histories, sensitivities, and strategic objectives. In this context, the pace of change has been striking, with significant shifts occurring over the course of just a few months.

THE CRISIS OF THE EU-US TRANSATLANTIC RELATIONSHIP UNDER TRUMP

The Trump administration has introduced a qualitative shift in the nature of the relationship. Official statements and strategic documents have conveyed an explicitly critical stance toward the European Union, framing it not as a partner but, at times, as a competitor or even an adversarial actor. This repositioning has been accompanied by a broader narrative questioning European policy choices and signaling conditional engagement based on alignment with U.S. ideological and strategic preferences.

These shifts have translated into concrete policy measures that placed significant pressure on the European Union, which the discussion addressed as the “European Summer of Humiliation”. In the security domain, demands for an increase in defense spending within NATO — aiming to reach targets of up to 5% of GDP² — have imposed considerable economic and political costs on European states. In the trade sphere, the imposition of tariffs and the subsequent negotiation of the Turnberry Deal³ illustrated an asymmetric dynamic, in which the EU was compelled to make extensive concessions in order to avoid further escalation. Similarly, ongoing challenges related to technology regulation and pharmaceutical policies have reinforced perceptions of sustained external pressure on core areas of European governance.

At the same time, the relationship has been further strained by unilateral U.S. decisions on key issues. A relevant example is the reconfiguration of support for Ukraine, which marked the end of direct U.S. arms supplies to the Ukrainian government and made this assistance dependent on European financial contributions. In addition, statements by U.S. officials regarding potential territorial ambitions involving Greenland have introduced a new level of uncertainty within both the European Union and the broader transatlantic alliance.

² [Defence expenditures and NATO's 5% commitment | NATO Topic](#)

³ [EU US trade deal: MEPs set conditions for lowering tariffs on US products | News | European Parliament](#)

Within the EU, these developments are not perceived in the same light. The responses to these actions, as well as to other US policies, have been widely divergent, including varying positions on the use of force and interpretations of international law.

The cumulative effect of these dynamics has been described, within the European debate, as a period of significant imbalance and constraint, with limited room for autonomous maneuver. This perception has been reinforced by the speed and intensity of recent developments, often characterized by successive shocks and abrupt policy shifts. In this context, the transatlantic relationship has increasingly been perceived not as a stable pillar of the international system, but as a source of volatility, requiring continuous adaptation by European actors.

EUROPE'S FOREIGN POLICY: STRATEGIC AUTONOMY AMBITIONS AND ITS LIMITS

The European Union's pursuit of strategic autonomy has gained renewed momentum in response to this scenario. This process has been characterized by a dual approach: the acceleration of internal integration and the diversification of external partnerships. Recent European Council conclusions underscore the urgency of deepening the single market⁴, particularly by addressing persistent internal trade barriers, which have been identified as a significant constraint on the Union's economic performance. In this regard, internal liberalization is framed not only as an economic necessity but also as a prerequisite for enhancing the EU's external resilience.

At the same time, the EU has intensified efforts to diversify its international partners. This has been reflected in the signing of multiple trade agreements with key partners, such as India⁵, Mercosur⁶, and Australia⁷. The agreement with Australia also reflects the expansion of security and defense cooperation, as negotiations have encompassed both trade and strategic interests. These initiatives signal an intentional attempt to broaden the EU's network of economic and strategic relations, reducing dependence on traditional alliances and reinforcing its capacity to operate in a more multipolar context.

A central dimension of this strategic reorientation is the strengthening of European security and defense capabilities. The EU is now investing more substantially in defense, industrial capacity, and technological capabilities. Initiatives such as increased defense funding, efforts to address gaps in military

⁴ [Remarks by Commissioner Dombrovskis at Eurofi High Level Seminar](#)

⁵ [The EU-India trade agreement - European Commission](#)

⁶ [The EU-Mercosur trade agreement - European Commission](#)

⁷ [The EU-Australia trade agreement - European Commission](#)

production, and the development of cyber defense mechanisms point to a broader shift toward preparedness⁸. The debate argued that this trajectory has been described as a gradual move toward a “war economy,” reflecting the scale and urgency of current efforts, particularly within the framework of the EU’s 2030 readiness objectives.

At the same time, the EU has expanded its policy toolkit, combining multilateral, bilateral, and unilateral instruments. While maintaining its commitment to multilateralism, the EU has increasingly developed autonomous mechanisms in areas such as trade, investment, and regulatory policy. These include a growing set of instruments designed to respond to external pressures and safeguard economic security. However, the proliferation of such tools also raises questions regarding coherence and balance, particularly in light of the EU’s stated commitment to cooperative approaches.

Despite these advances, significant structural limitations persist. The EU’s capacity to act as a coherent foreign policy actor remains constrained by its institutional architecture, notably the division of competences and the requirement for consensus among 27 member states in key areas such as foreign and security policy. This often complicates the effective deployment of available instruments, including sanctions regimes, and limits the Union’s responsiveness in rapidly evolving geopolitical contexts.

Moreover, the fragmentation of policy domains, particularly between trade, security, and foreign policy, continues to hinder the development of a fully integrated external strategy. While the EU possesses substantial capabilities across these areas, its coordination remains incomplete, reflecting both institutional constraints and divergent national priorities.

In this context, the EU’s approach can be understood as an evolving balance between multilateral engagement, bilateral partnerships, and autonomous action. While strategic autonomy has become a central objective, its implementation remains uneven and subject to both internal and external constraints. As such, the EU’s capacity to fully realize this ambition will depend not only on the expansion of its instruments and partnerships but also on its ability to enhance internal coherence and align its various policy dimensions into a more integrated foreign policy framework.

THE RECONFIGURATION OF THE MULTILATERAL ORDER AND THE EU-MERCOSUR AGREEMENT

The current reconfiguration of the multilateral order is marked by growing concerns over the weakening relevance of global institutions. In particular,

⁸ [Defence: how the EU is boosting its security | Topics | European Parliament](#)

there is an increasing perception that key frameworks, such as the multilateral trading system, face the risk of gradual erosion, potentially resembling a scenario in which institutions persist formally but lose their capacity to effectively address major global challenges. This dynamic underscores the urgency of preserving, revitalizing, and reinforcing multilateral mechanisms to prevent their marginalization.

Within this context, engagement in multilateralism remains a central priority, particularly to ensure that existing institutions retain their functionality and legitimacy. At the same time, there is concern regarding the emergence of alternative arrangements that may compete with or undermine established multilateral frameworks, thereby contributing to further fragmentation of global governance.

Parallel to these challenges, there has been a clear trend toward the expansion of bilateral and plurilateral initiatives. The European Union, in particular, has intensified its engagement in deep and comprehensive trade agreements. These agreements are framed not as substitutes for multilateralism, but as complementary instruments—often conceptualized as “WTO-plus” arrangements—intended to build upon existing rules while maintaining the possibility of future reinvigoration of the multilateral system. Nonetheless, expectations regarding short-term progress at the multilateral level remain limited.

In this evolving landscape, the EU–Mercosur agreement emerges as a significant example of this dual approach. Conceived as a broad partnership extending beyond trade, the agreement encompasses multiple dimensions, including political dialogue, cooperation, and shared commitments to fundamental principles such as democracy, human rights, and adherence to international frameworks. The inclusion of “essential clauses” reflects the importance attributed to these values, establishing mechanisms that, in principle, allow for the suspension or termination of the agreement in cases of non-compliance.

However, the effectiveness of such provisions remains uncertain. Past experience suggests that the enforcement of these clauses is often constrained by political considerations and limited institutional capacity. Similarly, the operationalization of the agreement—particularly in areas such as regulatory alignment, supply chain integration, and implementation mechanisms—raises open questions regarding its practical functioning, especially given the institutional characteristics of Mercosur and the absence of centralized enforcement structures.

Moreover, the agreement must be understood within a broader context of geopolitical competition and fragmentation. External pressures, particularly from major powers, may influence its implementation and long-term viability.

In this regard, the possibility of competing arrangements and shifting political alignments within Mercosur countries introduces an additional layer of uncertainty, potentially affecting both the cohesion of the bloc and the effectiveness of the partnership.

Overall, the EU–Mercosur agreement reflects both the opportunities and the constraints of the current phase of the international system. While it illustrates efforts to sustain cooperation through bilateral and plurilateral frameworks, it also highlights the structural and political limitations that shape the reconfiguration of the multilateral order.

STRATEGIC RECOMMENDATIONS

In this context, five priority areas emerge for the European Union in managing the transatlantic relationship and adapting to a more fragmented international order:

- **Reinforcing multilateralism while managing transatlantic tensions:** The EU should sustain its commitment to multilateral institutions to preserve their relevance, while navigating a more unstable transatlantic relationship in which alignment with the United States can no longer be assumed.
- **Enhancing internal coherence and integration within the EU:** Improving coordination across trade, security, and foreign policy—alongside deepening the single market—is essential for strengthening the EU’s capacity to respond autonomously to external pressures, including those stemming from the United States.
- **Diversifying partnerships beyond the transatlantic axis:** In response to growing uncertainty in EU–US relations, the EU should continue expanding its network of economic and strategic partnerships, reducing dependence on traditional alliances and reinforcing its position in a multipolar system.
- **Strengthening European security, defense, and regulatory capacity:** Given the shifting nature of US engagement in security and economic affairs, the EU must reinforce its own defense capabilities and ensure the effective use of regulatory and economic instruments to protect its interests.
- **Ensuring resilience and implementation of strategic agreements, including EU–Mercosur:** Advancing key agreements is critical to consolidating the EU’s external strategy, particularly in a context where external geopolitical pressures—including from the United States—may affect their implementation and long-term viability.