

Ahead of 2023 NATO Summit, U.S. Policy in Europe Must Advance Prosperity and Security

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KEY TAKEAWAYS

NATO is the foundation, though not the sole focus, of U.S. engagement in Europe. At the July summit, the Alliance must turn military plans into functional realities.

The U.S. should seize possibilities to advance economic freedom, including a U.S.-U.K. free trade area to drive shared prosperity.

The U.S. must redouble its efforts to align the transatlantic community's response to China, a threat with far-reaching implications.

The 2023 summit of the North Atlantic Treaty Organization (NATO) will be held in Vilnius, Lithuania, on July 11 and 12. At the 2022 Madrid summit, NATO adopted a new Strategic Concept that describes the security environment facing the Alliance, reaffirms its values, and sets out NATO's core tasks. At the 2023 summit, the U.S. and the rest of the Alliance must make the political decisions that are necessary for turning the military plans based on that Strategic Concept into functional realities.

But while NATO is and must remain central to the defense of democratic Europe and to U.S. security policy, it is not the be-all and end-all of U.S. policy in Europe. That policy must address the shared threats to U.S. and European prosperity, and the roles that the U.S. and Europe must play in countering the rapidly rising threat of the People's Republic of China, as well

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as the ongoing crises in Europe—from the war in Ukraine to turmoil in the Balkans—that derive from or play into Russia’s aggression.

The U.S. lacks a serious and integrated European policy. The Biden Administration has repeatedly stated that it sees no meaningful separation between foreign and domestic policy.¹ This argument is both a dodge intended to relieve it of the need to develop a foreign policy and a spurious justification for advancing progressive policies at home. Foreign policy and domestic policy are neither entirely separate nor identical. The U.S. needs to fashion a policy toward Europe that advances both prosperity and security.

What the U.S. Should Do

To create a serious and integrated Europe policy, the U.S. should:

Make NATO’s Regional Plans a Reality. Since the end of the Cold War, the members of the Alliance have been better at making pledges than at fulfilling them. Much of the Alliance had no serious concerns about a threat from Russia, and indeed major members, such as Germany, refused even to think seriously about security, never mind spend appropriately on their own defense. NATO treated security as a multiple-choice test in which many answers were valid and based its planning on aspirations, not threats.

Russia’s second invasion of Ukraine in 2022 made it clear that this dangerous complacency had to end. Over the past year, NATO’s military leaders have worked to embody the new Strategic Concept adopted in 2022 into three regional military plans. That work is now complete—but the political work necessary to make these plans a reality has yet to be done.

Two major obstacles remain. First, NATO must formally adopt these plans. So far, the process for doing so remains unclear. The practice of the post-Cold War era has been that NATO members vote at the national level to approve NATO plans. But this practice has tended to turn NATO into a talk shop with each nation having its say over a lengthy review period. The plans in question are military plans, and they express what is militarily necessary to carry out decisions that NATO has already made. The U.S. should therefore urge the Supreme Allied Commander Europe (SACEUR), currently General Christopher G. Cavoli, to approve the plans.

Second, the regional plans rely, as is usual in NATO, on members of the Alliance providing capabilities for them. In other words, the plans rely on burden-sharing, which in turn means that the Alliance rests on the willingness of its member nations to spend enough on defense to pay for their agreed share of the burden. Defense spending in NATO has grown consistently since 2015, although ironically, the U.S. is one of only two

NATO member nations (the other being Türkiye) that has significantly decreased defense spending as a share of gross domestic product (GDP) since 2015, though it is still one of the highest contributors of the Alliance as a share of GDP.

But the increases from Europe and Canada, though welcome, amount to only \$75 billion more than 2015 levels, which leaves 23 of the 30 Alliance members in 2022² below the NATO minimum of 2 percent of GDP, which was established as a non-binding pledge at the 2014 NATO summit in Wales.³ The U.S. should continue to do its part while placing the strongest possible pressure on NATO members that fail to fulfill their own commitments, on which the security of the Alliance depends.

Deter and Defeat Russian Aggression. Post-Soviet Russia's aggression against its neighbors did not begin in Ukraine in 2022, or even in Ukraine in 2014. Before Ukraine, there was Georgia in 2008. Before Georgia, there was Chechnya in 1999 and 1994. Interspersed among all these wars were cyberattacks on democracies, assassinations of dissidents, collaborations with Iran and Venezuela, and consistent rhetorical hostility, among much else. For a quarter of a century, U.S. policy toward Russia combined occasional annoyance with a regular turning of the other cheek and expressions of a desire for good relations in the hopes that after the Cold War, Russia had materially changed. The result, as Heritage analysts warned in 2015, was that the U.S. and NATO failed to deter Russia from future aggressions.⁴

Russia's attitude towards its neighbors—that they exist in the Russian sphere of influence and must fall in line with its desires—has been overt for decades. Russia reiterated this attitude in late 2021, before its latest assault on Ukraine, when it presented a draft agreement with NATO which demanded, among many other outrageous proposals, that NATO deploy no forces or weapons in countries that joined the Alliance after May 1997.

This had been the state of affairs from 1997 to 2014, but after Russia attacked Ukraine in 2014, NATO began deployments in the Baltic nations and in Poland.⁵ Russia's demand that NATO end deployments that were the result of Russia's own aggression demonstrates what Russia actually wants: defenseless and vulnerable regional victims that it can intimidate into compliance.

Russia's 2022 invasion of Ukraine represents a serious failure of deterrence, and a serious failure on the part of Europe, and the EU, to recognize that buying energy from Russia would not prevent Russia from acting against European (and U.S.) interests. If Russia wins its war on Ukraine, the People's Republic of China—not to mention Iran and other malign actors—will learn a simple lesson: Aggression works, and democracies

can be counted on to quit if the costs get too high. The European members of NATO, like the U.S., have a great deal at stake in the war in Ukraine. Unfortunately, Europe's long-standing failure to fulfill its defense commitments, like the Biden Administration's reckless domestic spending spree and failure to articulate a clear plan in relation to the Russian war against Ukraine, undermines both European military power and public support for U.S. military aid.⁶

Unconditional aid to Ukraine is never the right answer, and the U.S. must exert all possible pressure on Europe to increase the volume and effectiveness of European aid to Ukraine. But if Ukraine uses U.S. and European aid appropriately,⁷ that aid advances U.S. interests by weakening the Russian force that poses the greatest threat to NATO, and by ensuring that a Russian victory does not teach China a lesson that the U.S. will live to regret. It would have been far better if Russia had not decided—based on the evidence of the Obama Administration's "reset" and the Biden Administration's weakness—that the West would not respond in any meaningful way to another assault on Ukraine. But the U.S. must craft policy in the situation as it exists today.

Promote Economic Freedom for Shared Prosperity. The United States, the European Union, and the United Kingdom represent some of the world's largest and most prosperous capitalist economies, and each economy should recognize defending that fiscal strength as a national security priority. The Biden Administration has failed to develop an international trade agenda, instead hiding behind the claim that it is advancing a trade agenda for the middle class. This is an agenda that rests on borrowing from future generations, making energy more expensive, and refusing to tackle the long-term consequences of entitlement spending, among other failures. Heritage's *Index of Economic Freedom* shows that global trade freedom peaked in 2018 and has since declined sharply. U.S. trade freedom is now markedly lower than it was in 1995.⁸

U.S. failings in crafting a trade agreement with the U.K. have been particularly marked. The U.S. is missing the boat on trade with the United Kingdom, while the U.K. now has the widest and most comprehensive array of liberalized trade arrangements with the world. For years, U.S. politicians have implied that the U.S. was holding off because of its concerns about the U.K. and the Northern Ireland Protocol. According to the President himself, that problem has now been resolved. If that is indeed the case, there is now no reason for further delay on the final negotiations that are needed to complete a U.S.–U.K. free trade agreement.⁹

Ironically, U.S. exports of energy—specifically, liquified natural gas (LNG)—to Europe over the winter of 2022 showed what the U.S. could and

should be doing to provide an alternative to LNG from Russia, which Vladimir Putin is all too willing to use as a tool of coercion. In 2022, the EU alone imported 56 billion cubic meters of U.S. LNG, more than twice as much as it imported in 2021.¹⁰ These energy imports were good for U.S. producers, kept the European public from burning Europe's forests for heat in the wake of Europe's turn away from Russian sources of energy, and represented a triumph for U.S. energy production and foreign policy alike, a triumph on which the U.S. should build. Freedom is not just good for energy exports: It is the right economic policy to follow more broadly.

Yet, the EU is moving sharply in the other direction in pursuit of a radical environmental agenda. In late 2022, the EU decided to impose a "carbon border tax" (the Carbon Border Adjustment Mechanism) on imports of goods such as steel, iron ore, fertilizer, and cement. The supposed justification for this measure is that it will allow European producers of these goods, which are subject to costs imposed by the EU to reduce carbon emissions, to compete on an equal basis with foreign imports.

This is a blatant example of EU protectionism. If the EU wants to make its own products more expensive, that is its own business, but the EU's measure to mitigate the price hikes it is creating violates the basic rule that the methods used to produce goods are irrelevant to how they are treated for tariff purposes. The EU measures give the lie to EU claims that it supports the so-called rules-based international order. India, in particular, is likely to challenge the EU's measures through the World Trade Organization.¹¹ The EU's stance is a slap in the face to the U.S., and for the sake of the wider health of the international trading system, the U.S. should vigorously oppose the EU's measures.

Address Security Challenges Beyond Ukraine. Thirty NATO Kosovo Force soldiers were injured with fractures, burns, and gunshot wounds during recent clashes in Kosovo, highlighting a security challenge fueled by pernicious Russian actions.¹²

In the Balkans, Russia exacerbates cultural, ethnic, historical, and religious tensions to pressure Western-leaning governments and destabilize a region that has long been Europe's tinderbox. Russian (and increasingly Chinese) influence operations in the Balkans radiate from Serbia, which maintains close economic, political, and security ties to both nations, while simultaneously retaining more superficial ties with the U.S. and Europe. During the recent clashes in Kosovo, the proximate cause of which was disputed local elections, the U.S. alongside France, Germany, Italy, and the U.K. decried Kosovar heavy-handedness in installing four mayors with armed escorts as escalatory, instead of pointing out Serbia's part in escalating tensions.¹³

Yet the spray-painting of the Russian pro-war propaganda “Z” symbol on NATO vehicles by ethnic Serbians during the clashes highlights the fact that Serbian identification with Russian narratives remains toxic.¹⁴ Kosovo has previously accused the Russian mercenary group Wagner of actively operating in its northern provinces.¹⁵ Ongoing unrest in Kosovo originates in the nation being denied recognition by Serbia as an independent sovereign nation, and, subsequently, it is being kept out of many international institutions, which, in turn, serves Russian and Chinese interests. (China also fails to recognize Kosovo.) It is no surprise that recent flare-ups emerged after Kosovo and Serbia seemed to be making some progress as part of EU-brokered discussions on normalizing ties.¹⁶

The ongoing lesson from the Balkans is that where openings exist via unfinished business or festering wounds, they will continue to be exploited by China and Russia to keep the U.S. and its NATO allies busy putting out fires. The U.S. and its European NATO allies should remain directly engaged, economically and politically. The U.S. should view the Balkans, Moldova, and the Caucasus as an important opportunity to create a thriving Middle Corridor from the Balkans to the Caucasus and Central Asia via the Black Sea. U.S. economic engagement in these regions, through initiatives such as the Three Seas, can help to reinforce ties with the West while being economically beneficial to American investors.

Oppose the People’s Republic of China. It is essential that the U.S. and Europe work together on the issue of addressing the challenge of China. The degree to which Europe is aligned with the U.S. on responding to China will go a long way toward determining the success of U.S. efforts. Even if European members of NATO increase their defense spending and leave the U.S. free to make more of its military effort in the Pacific, the U.S. will find it harder to achieve its aims there if China builds closer economic and political ties to Europe.

The U.S. faces an uphill battle in restricting these ties: Political leaders like French President Emmanuel Macron and German Chancellor Olaf Scholz, and powerful business interests, view the relationship with China primarily through the lens of economic opportunity rather than security risk. A recent survey found that more Europeans see China as a “necessary partner,” than as an “adversary” or “rival.”¹⁷ The U.S. will find little success in seeking to browbeat Europe into alignment. Rather, U.S. officials should consistently and resolutely argue (as some NATO allies, like Lithuania, already understand) that getting closer to China is not in Europe’s long-term self-interest, and that dependence on China would be even more dangerous than dependence on Russia.

The electric vehicle industry exemplifies a trend where European companies trade intellectual property for access to Chinese markets only to find themselves increasingly squeezed out of China by Chinese companies armed with subsidies¹⁸ that are increasingly competitive in European markets as well. Europe should view the question of China primarily through the lens of security, whether considering Confucius Institutes at European universities or China's interest in acquiring European infrastructure or companies working on key emerging technologies.

Portugal's reported about-face¹⁹ on allowing Chinese involvement in its fifth-generation (5G) infrastructure may indicate that more governments are waking up to the long-term security risks of doing business with China. The EU is also reportedly considering banning risky vendors from taking part in 5G infrastructure after its 2020 EU toolbox for 5G Security failed to gain wide buy in, resulting in the current patchwork of national approaches to Chinese 5G involvement.²⁰

While the EU has proven more robust on the issue of 5G and investment screening more broadly, in other policy areas, especially its so-called Green New Deal for Europe, its actions are strengthening dependence on China to the detriment of the transatlantic community.²¹ The U.S. should engage with the EU as well as national governments in arguing for decoupling critical infrastructure and industries from the Chinese Communist Party.

The U.S. would also do well to underscore the links between China and Russia, in effect, Chinese support for Russia's war against Ukraine, including ammunition and armored vehicles, which have been a lifeline for Putin. A Europe that seeks to position itself as a middle constellation between the U.S. and China will find its moral authority eroded, the market share of its firms increasingly cannibalized both at home and abroad by Chinese companies utilizing in part stolen intellectual property, and its security position dangerously undermined by an overreliance on China. With the Russian threat top of mind, a practical current push could be for the U.S. to seek a joint targeting with the EU and other allies of Chinese firms that are helping Russia to circumvent Western sanctions.

Conclusion

The Biden Administration has expressed strong support for NATO and continued to supply Ukraine with military aid to defend its sovereignty. U.S. Europe policy, however, suffers from a lack of long-term planning and stated goals, domestic defense cuts that weaken the U.S.'s ability to achieve its security aims in the Pacific as well as the Atlantic theater, and

the underutilization of American economic power, especially U.S. energy production, to round out a more comprehensive approach.

The most important step that the Vilnius Summit can take is to make NATO's regional military plans into a reality that the European members of NATO support politically, financially, and militarily. But the Biden Administration remains reflexive in Europe, responding to rather than shaping events, clearly keen to shelve the region and return to its domestic priorities once the war subsides. That is a mistake. The U.S. must remain robustly engaged in Europe, pursuing a thorough policy agenda to counter the shared threats from China and Russia with the full strength of the transatlantic community.

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Endnotes

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