KONRAD-ADENAUER-STIFTUNG 4|2025

INTERNATIONAL REPORTS

America First – Again

How the World Is Dealing with Donald Trump's Foreign Policy

INTERNATIONAL REPORTS

4 | 2025

Dear Readers,

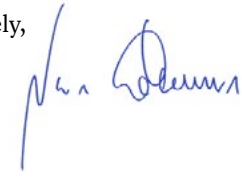
This issue of *International Reports* sees an era draw to a close. After overseeing around 200 editions of the publication and serving for more than two decades as its editor, Gerhard Wahlers will be taking his well-earned retirement at the beginning of 2026. This is reason enough to look back on an extraordinary period – and on a defining figure.

In his role as Deputy Secretary General and Head of the Division European and International Cooperation, Gerhard Wahlers has played a pivotal role in expanding the Konrad-Adenauer-Stiftung's international activities and adapting them to shifting geopolitical realities. This strategic positioning has quite naturally found expression in the continuous evolution of *International Reports*. An English-language edition was launched in 2010 in order to make the publication accessible to an international readership, and in 2016, the publication moved from a monthly to a quarterly publication cycle, with each issue being built around a specific thematic focus – a change that allowed greater depth and a clearer editorial profile. From 2017 onwards, the introduction of dedicated social media channels gave the publication a significantly stronger digital presence, thereby opening new pathways to our target audience and enhancing the visibility of our work. Since 2021, a German-language podcast has complemented the print and online editions and was joined in 2025 by an English-language podcast, thereby further extending the publication's international reach.

All of this attests to Gerhard Wahlers' readiness to adapt the foundation's international communication to changing circumstances and audience needs – and also to explore new formats in doing so. Today, *International Reports* has become a platform that extends far beyond the traditional print product. Indeed, the publication serves as a window onto the work of the Konrad-Adenauer-Stiftung's more than 100 offices worldwide and also as a channel that reflects the thematic and regional breadth of the foundation's international engagement across a wide array of formats.

Among Konrad Adenauer's many astute observations is the simple sentence, "Human beings must keep striving, constantly and tirelessly". In reflecting on Gerhard Wahlers' exceptional contributions, it is clear that he has consistently lived up to this maxim through his work. His role in shaping the foundation's international and media profile will remain visible in *International Reports* – and beyond – long after his active service has come to an end.

Yours sincerely,



Prof Norbert Lammert is Chairman of the Konrad-Adenauer-Stiftung and Former President of the Bundestag.

Dear Readers,

For decades, presidential elections in the United States have been followed with particular attention by audiences in Germany and Europe, with affinities and aversions often depending on which candidate lay closer to one's own socio-political and ideological preferences. However, the election in November 2024 was different: It was the first since Russia's full-scale invasion of Ukraine had once again brought home to us Europeans the existential importance of NATO's security guarantees and – with them – of US engagement in Europe. The sobering realisation was that voters on the other side of the Atlantic decide on our security.

A little over one year has passed since the election, and there has been no shortage here in Germany of analyses and assessments of the foreign policy pursued by President Donald Trump since he returned to office in January. "Isolationist", "personalistic", "transactional", "unilateral", "erratic" – these are just some of the labels that have been repeatedly attached to his administration. Understandably, the main interest has been on transatlantic relations and on the question as to whether we can still rely on the US as a partner with shared values and as a guarantor of our security, especially vis-à-vis Moscow.

In this issue of *International Reports*, we aim to broaden the perspective to other regions, deliberately highlighting actors that – much like Germany and Europe – view themselves as allies of the US or at least have a particular interest in good relations with Washington based on economic, financial, or security dependencies. We look at Canada and Mexico – the two immediate geographical neighbours of the US – as well as at Israel and the Gulf, at Taiwan and Vietnam, and also at African states and the possible consequences of a new US trade policy. In addition, we turn our sights to the World Health Organization, which now has to do without US funding. How have these actors been affected by the policies of the new Trump administration? How have they adapted? Can we discern certain patterns and draw conclusions for Germany and Europe?

Taken both individually and as a whole, the articles paint a largely nuanced and in parts contradictory picture that does not sit easily with the often sweeping judgements that dominate debate in this country. To begin with, the background circumstances in the cases examined here differed significantly. Based on its experience of Trump's first term in office, Mexico regarded his return to the White House with some trepidation. Canada felt similar, having been alarmed by Trump's campaign rhetoric, which portrayed its northern neighbour as the "51st US state", as Bernd Althusmann shows in his article. By contrast, Israel and the Gulf states had placed great hopes in Trump long before his re-election. Both sets of expectations have only been partially fulfilled. In Ottawa and Mexico City, despite some friction, the prevailing view after nearly one year of Trump is that things could have turned out much worse. In Israel and the Gulf states, on the other hand, decision-makers have had to recognise that Donald Trump is certainly not the unreserved ally some of them had wished to see in him before the election. From the perspective of international health institutions, as Andrea Ostheimer explains in her article, things appear to have turned out even worse than feared.

In light of the case studies presented here, the terms often used to describe Trump's foreign policy have not always proved accurate. Current US foreign policy is by no means consistently "isolationist", as developments in the Middle East in particular have indicated. There, the Trump administration has invested considerable diplomatic resources in seeking a peace settlement for the Gaza Strip involving the key regional players, and the administration can at least point to some interim successes. In the same region, unlike his predecessors, President Trump has even been willing to order military strikes against the Iranian nuclear programme.

The Middle East further illustrates that although personal relationships may carry more weight than usual in Trump's foreign policy, they are not the sole determining factor. Israel's Prime Minister Netanyahu courted the US President just as much as the Gulf monarchs did, with some of the latter offering generous gifts and business deals that skirted the boundaries of corruption. Initially, this produced images of ostentatiously displayed harmony. However, in the end, unconditional support was not secured by any of these actors. Indeed, the US was unable to prevent Israeli air strikes in Qatar, which severely undermined the sense of security among the Gulf states, as Philipp Dienstbier points out in his article. At the same time, as Michael Rimmel mentions in his analysis, the "greatest friend Israel has ever had in the White House" compelled Benjamin Netanyahu – live on camera – to make an apologetic phone call to the Qatari head of government.

One common experience shared by the actors examined in this issue is that the new US foreign policy is in fact shaped above all by transactional and unilateral thinking. Under Trump, the US orients its foreign policy far less around values, institutions, or alliances and views bilateral relations instead – in a distinctly sober way – as interest-driven give-and-take, often across very different policy fields. Some countries have adapted to this posture: By focusing on what they can offer Trump, they have in some cases fared reasonably well. Maximilian Strobel analyses how Mexico has demonstratively deployed its own military against illegal migration into the US in order to avert the most severe tariff threats from Washington. Ultimately, however, neither good personal relations nor the best deals seem to have offered protection against nasty surprises. In the final analysis, whether this has been the expression of an "erratic" policy or part of a strategy remains a matter of speculation. In any case, Trump's foreign policy has been difficult to predict for opponents and allies of the US alike. This applies not least to us Europeans in light of the highly contradictory signals emanating from Washington on further support for Ukraine and the deterrence of Russia.

For Germany and Europe, three broad foreign policy conclusions follow from this. Firstly, every effort should be made to develop or maintain good relations with the US and its current president, including on a personal level. Banal though it may sound, it remains better to enjoy good personal relations with Trump than bad ones, even if this strategy alone offers no guarantees.

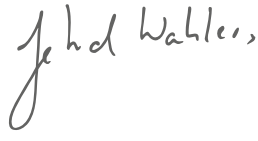
Secondly, we must engage with the transactional style of the current US administration. If transatlantic relations under Trump also chiefly amount to give-and-take from the American perspective, Europe needs to have as much as possible to put on the scales. We can achieve this by strengthening our economic competitiveness and military defence capability as rapidly and as substantially as possible. It goes without saying that we are neither able nor willing to operate in the same manner as the Gulf states or Vietnam, which have in some cases offered business deals crafted specifically for Trump and his family. However, we must act, not least because the US administration's transactional approach also applies where security and economic integration are at stake, as developments in Asia clearly illustrate. As Marcin Jerzewski notes in his article, Taiwan has taken note of how security assurances from Washington are increasingly tied to the island republic's own contributions and efforts, while Vietnam – as Lewe Paul shows – is using pragmatic diplomacy to navigate between American expectations and Chinese influence.

Thirdly, we are well advised to continue our efforts at economic and political diversification with determination so as to at least reduce our dependencies on the US. As Anja Berretta, Chantelle Moyo, and Jule Steinmann highlight in their article, many African states are turning their gaze towards Beijing in light of the uncertainties in their relations with Washington. This is not an option for Europe. However, there are plenty of countries – from Latin America and Africa to the Middle East and Asia – that share our interest in a stable, rules-based international order and with which we should strengthen our cooperation. Where these are democracies such as Brazil, India, and Japan, so much the better. However, we must also be able to pursue a balance of interests with states that do not conform to our democratic standards.

We shall once again be watching events across the Atlantic with close attention in 2028 when the next US President is elected: After all, we will not be able to dispense with the United States as a security partner for the foreseeable future. However, ensuring that we are better prepared for every conceivable outcome than we were last time should be high on our list of priorities in the years to come.

I wish you find this report a stimulating read.

Yours,



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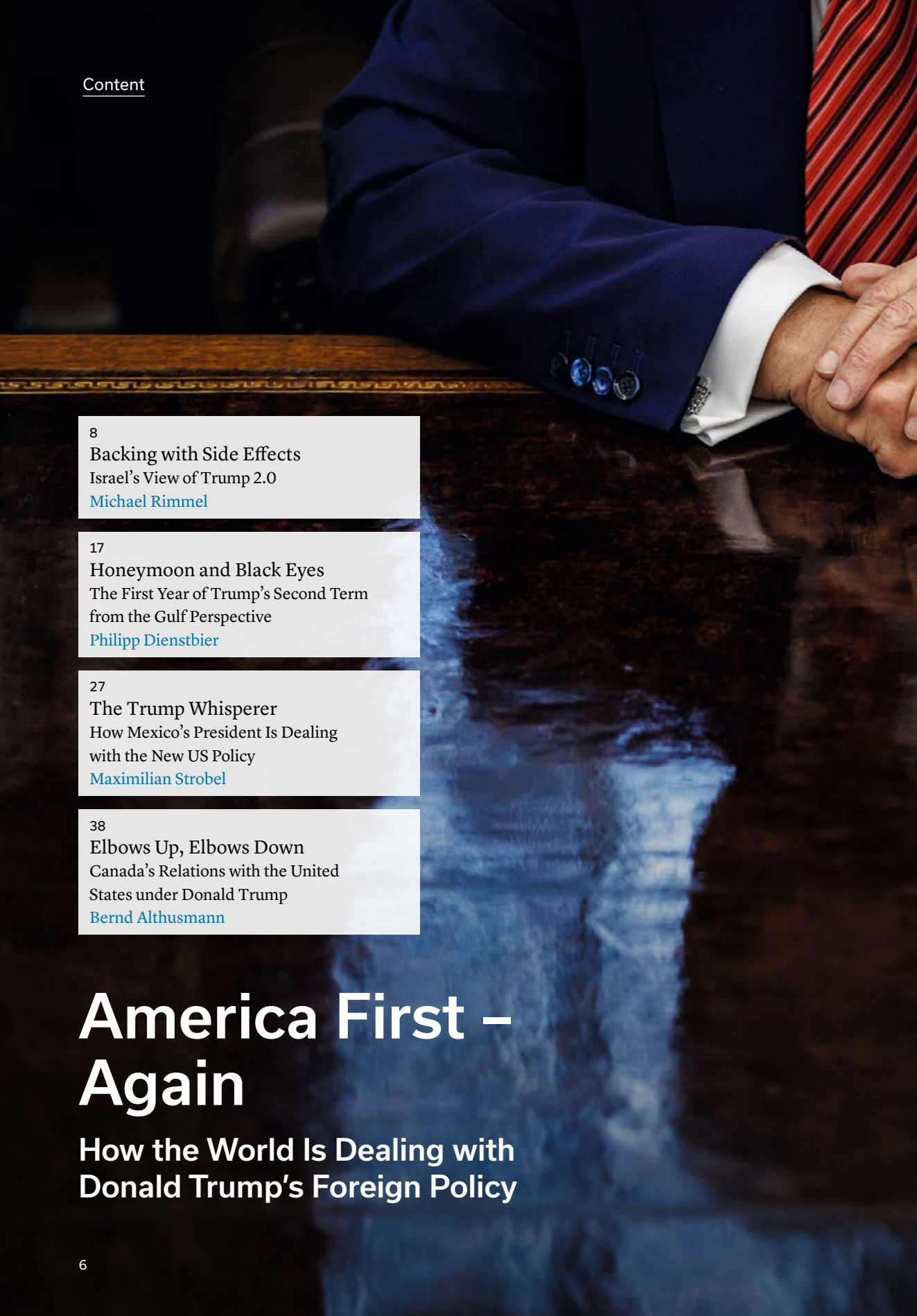
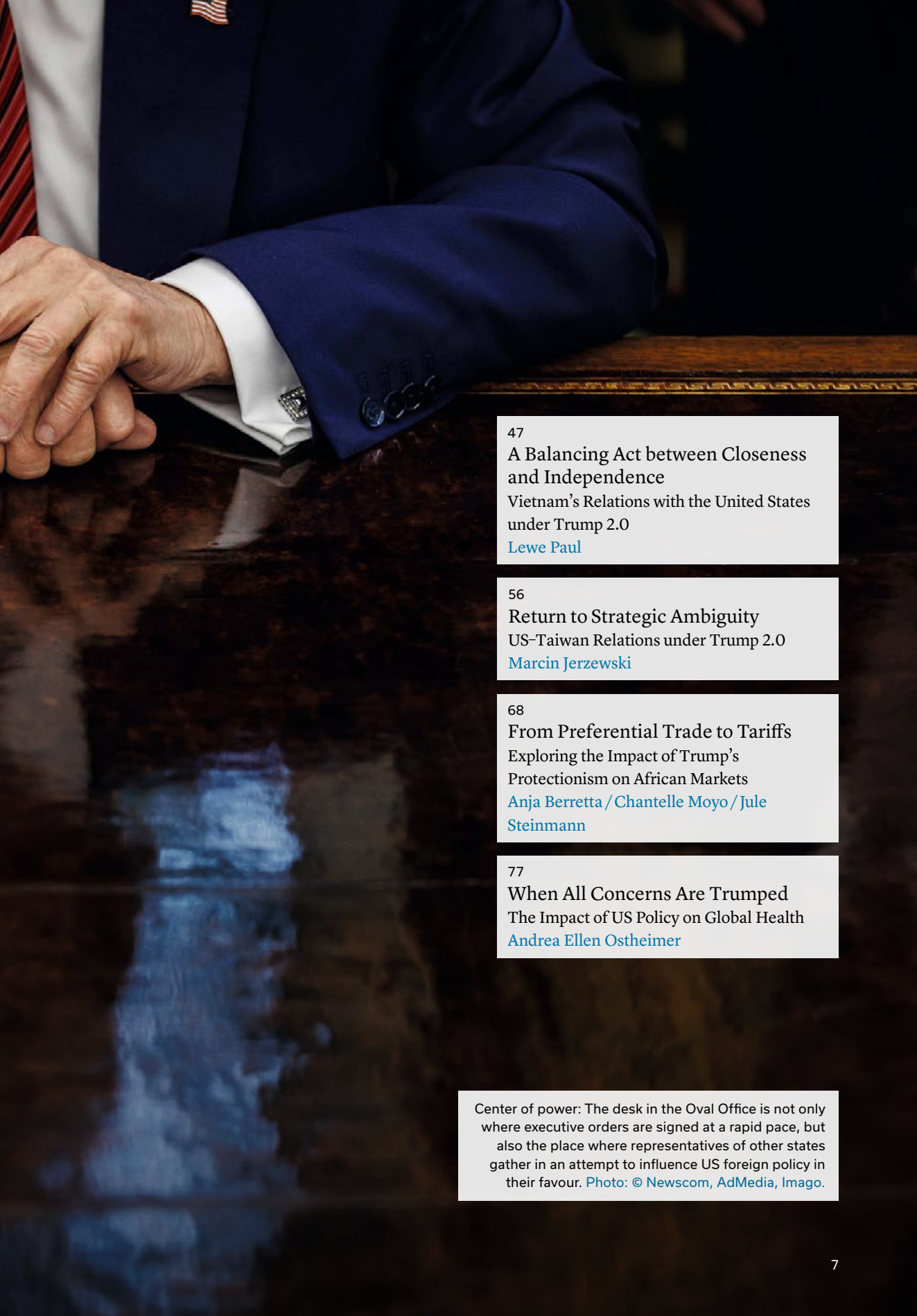


America First – Again

How the World Is Dealing with Donald Trump's Foreign Policy



Center of power: The desk in the Oval Office is not only where executive orders are signed at a rapid pace, but also the place where representatives of other states gather in an attempt to influence US foreign policy in their favour. Photo: © Newscom, AdMedia, Imago.

Backing with Side Effects

Israel's View of Trump 2.0

Photo: © Anadolu Agency, Imago.

In a Nutshell

Donald Trump's second term marks a return to a clearly pro-Israel yet distinctly unilateral Middle East policy. From the outset, Trump sent unmistakable signals: Military aid to Israel was expanded, while funding for the Palestinian Authority was frozen. The President demonstrated close political alignment with Prime Minister Netanyahu, which was viewed in Israel as a strategic gain but internationally as a destabilising factor.

The security alliance was most visible in the coordinated action against Iran, which culminated in joint military strikes in June 2025. However, this scenario also exposed divergences over Gaza policy and multilateral processes. Trump's increasingly unilateral foreign policy left Israel on the sidelines at times.

Although Israel remains a key US partner, the strategic alignment between the two countries is weakening. Trump's focus on bilateral deals with Arab states highlights the primacy of US self-interest.

Domestically, Trump has served to divide opinion in Israel: Right-wing factions celebrate him as a historic ally, while centrists and left-leaning groups view his policies as self-serving. At the same time, there is mounting concern that Israel's dependence on a politically partisan form of US support could undermine its room for manoeuvring in foreign policy in the long term.

The Author

Dr Michael Rimmel is Director of the Konrad-Adenauer-Stiftung's Israel Office.

High expectations and pragmatic signals

Donald Trump's return to the White House in January 2025 was met in Israel with high expectations. Even during his campaign, Trump repeatedly emphasised his intention to deepen the strategic partnership with Israel. In Jerusalem, this was seen as a unique opportunity to revive the active Middle East policy of his first term – in contrast to the Biden administration, which was perceived in Israel as cautious to critical. At the annual conference of the Republican Jewish Coalition, Trump made sweeping promises during the campaign: "I will work with you to make sure Israel is with us for thousands of years."[1] He took a clear stance on the Gaza war and announced measures to combat antisemitism at US universities.

From the very start of his presidency, Trump sent a series of striking signals. On 20 January 2025, he signed Executive Order 14169, which suspended all US development aid for 90 days, with the sole exception being military aid to Israel.[2] The following day, he imposed sanctions on the International Criminal Court and lifted sanctions on violent Israeli settlers. In so doing, Trump positioned himself demonstratively against the international criticism of Israel's settlement policy and military operations. At the same time, the United States effectively froze financial support for the Palestinian Authority.

Prompt visit to Washington: Symbolism and substance

On 4 February 2025, Donald Trump received Prime Minister Benjamin Netanyahu as the first foreign guest of his second term – a deliberate diplomatic signal. The hours-long meeting was widely interpreted as a "watershed moment" in bilateral relations. At the subsequent press conference, Trump underlined the unbreakable nature of US–Israeli ties, while Netanyahu responded in kind: "You are the greatest friend Israel has ever had in the White House."[3]

Particular attention was drawn to Trump's proposal for the Gaza Strip. In a highly controversial mix of economic development plan and geopolitical paradigm shift, he suggested that the United States could "take over" and rebuild Gaza – with the aim of turning it into "the Riviera of the Middle East". Netanyahu praised Trump's unorthodox thinking.

The shared strategic goal of weakening Iran was also strongly emphasised. Netanyahu declared, "They [the Iranian regime] tried to kill you, Mr President – and they tried [...] to kill me. We're both committed to rolling back Iran's aggression in the region and ensuring that Iran never develops a nuclear weapon."[4] Trump made it clear that the "maximum pressure policy" against Tehran would continue and – if necessary – be intensified. On the question of the West Bank, however, Trump struck a more cautious tone. When asked about possible US support for annexation scenarios, he refrained from taking a clear position but indicated that the issue remained open on the US agenda.

The security alignment between the United States and Israel has reached a new level of financial and operational intensity. Compared with the Biden administration, the change is evident not only in tone, but also in practice. While support under President Biden was marked by political restraint, conditional arms assistance, and human rights considerations, Trump's approach is more uncompromising and at times even unconditional – particularly regarding Iran – but

is also indicative of the occasionally erratic and unilateral nature of his policy style.

A comparison of defence aid underscores this paradigm shift. Although the Biden administration provided around 17.9 billion US dollars in military assistance to Israel[5] between October 2023 and October 2024, including modern fighter aircraft, artillery systems, and precision munitions, this support was partly tied to political conditions. Delivery suspensions, needs assessments, and human-rights-based restrictions were among the criteria.

By contrast, within just two months of taking office, the Trump administration had authorised arms deliveries worth more than 12 billion US dollars,[6] with many more following. Requirements for transparency towards Congress and reporting obligations were largely bypassed or ignored. This course represents a clear and unequivocal reinforcement of Trump's Middle East policy.[7]

The first weeks of Trump's second presidency thus revealed a consistent return to the Israel-centred Middle East policy of his earlier years. The president continues to rely on symbolic strength, close political alignment with Netanyahu, and a radical questioning of previous diplomatic conventions. For Jerusalem, this constitutes significant political backing. For many other states, however, it poses an increasing dilemma that has these states torn between political and economic ties with the United States (and for some, also loyalty to Israel) on the one hand and concern over growing regional instability on the other.

Despite close coordination during the Iran–Israel war, coordination problems have begun to appear in the security cooperation between Israel and the United States.

Joint warfare: Iran as the litmus test

The culmination of security coordination between Washington and Jerusalem to date was the Twelve-Day War with Iran in June 2025. Following targeted Israeli airstrikes on Iranian nuclear facilities, air defence systems, senior regime officials, and leading nuclear scientists, the United States joined in with direct military strikes against Iran's most heavily fortified nuclear sites. Trump hailed the Israeli attacks as "excellent" and praised the cooperation: "We worked as a team like perhaps no team has ever worked before."[8] The approach was also widely accepted in Europe. France, Germany, and the United Kingdom called on Iran and Israel to de-escalate while simultaneously stressing the importance of "ensuring that Iran never attains or acquires a nuclear weapon".[9]

Despite close coordination during the Iran–Israel war, cracks have begun to appear in the day-to-day security cooperation between Israel and the United States. In Gaza, for instance, the Trump administration – through the mediation of US Special Envoy Steve Witkoff – oversaw ceasefire negotiations that were nominally coordinated with Israel but that were – in practice – conducted in an increasingly unilateral manner. The so-called Witkoff Plan provoked discontent among parts of the Israeli government,[10] which felt side-lined, particularly regarding commitments made to Egypt and the delineation of demilitarised zones.

In the West Bank, Washington initially pursued a rather detached policy in the months following Trump's inauguration: Israeli operations were neither openly endorsed nor criticised – a form of tacit approval that Trump had previously cultivated during his first term. In response to continuing Houthi attacks in the Red Sea, US action was primarily guided by the nation's own interests. Although early American strikes were carried out in coordination with Israel, the Pentagon repeatedly underlined the independent nature of US operations. Ultimately, the United States concluded a bilateral agreement with the Houthis without taking Israeli security concerns

Moment of triumph: Donald Trump and Benjamin Netanyahu shake hands before the Knesset on 13 October 2025, hours afters the last living hostages had been released by Hamas. Photo: © ANI News, Imago.

into account. This partial disengagement caused unease in Israel, even if it was not publicly addressed by the government.

These developments likewise illustrate that the Trump administration is pursuing an increasingly unilateral course in foreign and security policy. While close operational cooperation remains with Israel on key issues such as Iran, a jointly coordinated approach in the sense of the multilateral consensus of previous years has clearly eroded.

Strategic distancing without new alliances

Despite the declared solidarity with Israel, Trump's second presidency has seen the gradual emergence of a strategic distancing in key areas of foreign and security policy. What is often presented externally as the continuation of a historic friendship is – on closer inspection – actually an asymmetrical relationship that is increasingly shaped by self-interest, power politics, and – in some respects – mutual operational exclusion. These growing tensions are not necessarily the result of open ruptures; rather, they reflect subtle structural and domestic political shifts within the United States – developments influenced by radical actors on the increasingly assertive left wing of the Democratic Party and – conversely – by eccentric representatives of the MAGA movement. Together, these forces have far-reaching implications for Israel's regional position and for the long-term trajectory of US Middle East policy.

Under Trump, the United States remains Israel's most important military partner. However, in multilateral processes and regional dialogue forums, a widening gap has become apparent between US and Israeli interests. One telling example was Trump's first overseas trip in May 2025, which took him to Saudi Arabia, Qatar, and

How much was destroyed? Following the targeted US military strikes against the nuclear facilities in Fordo, Natanz and Isfahan, it remains unclear how successful the attacks were. The satellite photo shows the Iranian nuclear facility in Natanz before the attacks. Photo: © ABACA Press, Imago.

the United Arab Emirates – pointedly excluding Israel. The symbolic significance of this decision did not go unnoticed in Jerusalem. While Israel's absence from key discussions on regional security architecture is neither entirely new nor surprising, it underscores the notion that under Trump, American interest-driven policy ultimately takes precedence: Israel continues to enjoy strong support, but no longer unconditional – or exclusive – backing.

Trump's foreign policy remains rooted in the principle of "Make America Great Again!" At its core lies a focus on bilateral deals with Arab states designed primarily to secure economic and security advantages for the United States. Although Trump continues to invoke the Abraham Accords – agreements on diplomatic normalisation between Israel, the United Arab Emirates, and Bahrain – and highlights the contribution of these agreements to regional security, the Israeli–Arab normalisation project has been stalled since 7 October 2023. Saudi Arabia in particular has made further progress conditional on an end to the war in Gaza and the inclusion of a Palestinian state on the political agenda – a condition that the current Israeli government strongly rejects because any steps towards a Palestinian state at this point would be seen as a sign of "success" for the terrorist organisation Hamas. In Riyadh, Trump nevertheless sought to create an impression of movement. Parallel negotiations were taking place with Syria, Oman, and Qatar and even with Hamas and the Houthis – often without Israeli participation or prior consultation. Particularly sensitive were indirect talks with Hamas concerning a ceasefire and the release of hostages as part of the US-led Witkoff Plan.

While Netanyahu publicly nominated Trump for the Nobel Peace Prize in early July 2025, criticism within the US administration of Israel's conduct grew increasingly vocal. Behind this lay Israeli airstrikes in Syria and the escalating military operations in Gaza: These actions were

not coordinated with the United States and – in the eyes of some US officials – undermined diplomatic processes. At times, both Trump and his inner circle reacted with irritation. Following the accidental bombing of a church in Gaza, Trump personally demanded clarification from Netanyahu and privately complained about Israel's escalating behaviour. Such statements shed light on Washington's growing frustration with Israel's unilateral actions.

The personal relationship between Trump and Netanyahu oscillates between political instrumentalisation and personal frustration.

At the same time, the US administration itself is operating with increasing independence. Trump remains consistent in his pragmatic understanding of foreign policy: His decisions serve measurable, often short-term interests that are heavily influenced by the isolationist wing of the MAGA movement. This applies to relations with the Gulf states, for example, with which he has concluded extensive investment and security agreements. However, it also applies to policy towards Iran, for which the Trump administration conducted secret talks in Oman aimed at temporary de-escalation – without prior Israeli involvement. The Israeli government – which has traditionally been keen to maintain escalation control vis-à-vis Tehran – was presented with a *fait accompli*. This was not a complete rupture, but a sign of a gradual drift away from the often-emphasised synchronised decision-making with the Trump administration.

The Trump–Netanyahu relationship

The personal relationship between Trump and Netanyahu remains one of the most ambivalent factors in current bilateral relations, oscillating between political instrumentalisation and personal frustration. The dynamic between the two leaders not only reflects individual vanity, but also has tangible effects on the bilateral relationship between – and the political climate in – both countries.

Even during Trump's first term (2017–2021), his relationship with Netanyahu was considered exceptionally close. The relocation of the US embassy to Jerusalem, the US withdrawal from the Iran nuclear deal, and the US support for Israeli positions in multilateral fora were seen as political gifts to the Israeli prime minister, who regularly praised Trump publicly in return. However, disillusionment followed immediately after Trump's electoral defeat. In an interview with Israeli journalist Barak Ravid, Trump expressed unusually harsh criticism of Netanyahu, insulting him for congratulating Joe Biden on his election victory.[11]

With Trump's return to the White House in 2025, the relationship took a new turn. Amid rising tensions with Iran, particularly in the context of coordinated military strikes on Iranian nuclear facilities, Trump once again presented himself as Netanyahu's close ally. He spoke of unprecedented cooperation, praising both the Israeli army and Netanyahu personally. Nevertheless, tensions persist. Statements from within the White House reveal growing irritation over Netanyahu's insufficiently coordinated military operations – not only in Gaza and Syria, but most recently also against Hamas's political leadership in Qatar. Remarks from Trump administration insiders suggest that while the Israeli prime minister is celebrated publicly, he is increasingly regarded as a liability internally. Some observers interpret the public disagreements as part of a strategic division of roles between Washington and Jerusalem. However, whether this is the case remains doubtful: Indeed, internal tensions and Israel's increasingly unilateral conduct are too obvious.

The personal relationship reached a remarkable climax in June 2025, when Trump intervened in Netanyahu's domestic trial. In several posts on his platform Truth Social, he described the proceedings as political persecution and called

for the trial to be dropped.[12] He reiterated these remarks in his address to the Knesset on 13 October 2025[13] while presenting his peace plan for the region. These statements illustrate not only Trump's willingness to interfere in Israel's internal affairs, but also his tendency to equate political loyalty with unconditional personal support whenever he deems it useful to his agenda – regardless of institutional or legal principles.

Donald Trump's second term has met with a divided – albeit largely favourable – response from within Israeli society.

The relationship between Trump and Netanyahu remains fundamentally consistent but is marked by considerable political volatility: Their mutual use of their closeness for image-building, positioning, and silencing critics illustrates both the opportunities and the risks of personalised foreign policy. The current dependence on two highly divisive political figures makes the medium- and long-term outlook for bilateral relations highly uncertain.

Israeli society's view of Trump

Donald Trump's second term has met with a divided – albeit largely favourable – response from within Israeli society. Both the government and its supporters, as well as some elements of the opposition and particularly the families of Israeli hostages, have pinned their hopes for conflict resolution on Trump. While the Israeli public recognises Trump's central role in addressing current crises, awareness is also growing of the US president's volatility and of the structural uncertainty that comes with dependence on Washington.

Surveys paint a nuanced yet generally positive picture. For instance, a poll conducted by the Israel Democracy Institute in January 2025 found that 74 per cent of Jewish Israelis and 64 per cent of Arab Israelis credited Trump with playing a pivotal role in achieving the ceasefire and prisoner–hostage exchange concluded that month.[14] Data published by the Pew Research Center in June 2025 confirmed a stable and – in some respects – increasing level of esteem for the United States under Trump, with 83 per cent of Israelis expressing a positive view of the US – up six percentage points from the previous year. There are clear ideological divisions, however: While 93 per cent of right-leaning Israelis support Trump's Middle East policy, approval among left-leaning respondents stands at just 21 per cent.[15] A survey carried out by the Institute for National Security Studies (INSS) during the same period further illustrates the ambivalent perception of Trump, with 29 per cent believing he places Israel's interests at the centre of his foreign policy and a majority viewing his support as conditional and self-serving. At the same time, the proportion of Israelis who consider Trump unpredictable and unreliable has fallen from 23 to 18 per cent.[16]

By contrast, public attitudes towards Netanyahu are far more mixed. After the release of the last surviving hostages in October 2025, approval ratings for both the prime minister and his Likud party rose sharply. However, many still hold him partly responsible for the protracted duration of the war and for the delay in freeing hostages. The succession of high-level US visits to Israel following Trump's announcement of his regional peace plan – disparagingly described by some observers as "Bibi-sitting" – was also reflected the US administration's own scepticism towards Netanyahu's political intentions.[17]

The Israeli government and the (far) right: Trump as a historical opportunity

For Israel's current government under Prime Minister Netanyahu, Donald Trump is above all a geopolitical enabler. His repeated support in multilateral forums, his opposition to international investigations against Israel, and his general endorsement of Israeli military operations in Gaza – together with the lifting of sanctions on radical settlers – have expanded Israel's political latitude at a time of growing international isolation.

Representatives of the settler movement greeted Trump's election victory in November 2024 with euphoria. Yisrael Ganz of the Yesha Council described it as a unique opportunity to strengthen Israeli sovereignty in the West Bank.[18] Shai Alon – head of a regional council in one of the settlements – proclaimed "a golden age for the settlements",[19] while National Security Minister Itamar Ben Gvir – leader of the far-right Otzma Yehudit party – expressed similar sentiments in the Knesset. Trump's policies provide backing for national–religious agendas, which – in parts of Israel's right wing – have been interpreted as an invitation to pursue far-reaching territorial and legislative measures that are driven not only by ideology, but also by reaction to the recognition of a Palestinian state by several European countries. Trump's public rejection of formal annexation plans and his regional peace initiative – presented in late September in Netanyahu's presence – were not welcomed by all members of the Israeli government.

International perceptions of Trump are markedly more critical than those prevalent in Israel.

By contrast, centrists and the left-leaning opposition take a more differentiated view of Trump. Opposition leader Yair Lapid has emphasised in interviews that while Trump is unquestionably pro-Israel, he is also impatient, transactional, and uninterested in Netanyahu's controversial domestic agenda. In his view, the US–Israel alliance remains strategically indispensable but is currently "as bad as it has ever been" under Netanyahu.[20] Lapid criticised Israel's exclusion from key Trump administration decisions, including the ceasefire with the Houthis and negotiations with Iran and Syria, all of which were conducted without close consultation with Israel. In the Knesset, he accused Netanyahu directly: "You've lost Trump."[21] Within the opposition, Trump's interference in Netanyahu's ongoing corruption trial has also been strongly criticised. Such tensions have deepened Israel's internal polarisation in its dealings with the United States.

Strategic self-reflection and international dependence

Alongside the political debate, Israel is engaged in an internal discussion about strategic autonomy. The growing perception that the Trump administration is making decisions over Israel's head – sometimes calculated, other times unpredictable – has prompted debate about how the country should position itself in the future. In a policy paper published in January 2025, the INSS warns of the risk that US support under Trump has become increasingly politicised. Israel – it argues – risks being perceived in the United States as a "Republican cause" – a development that undermines the long-term sustainability of the alliance, particularly since support for Israel is also eroding within parts of the MAGA movement.[22] This perception is supported by recent polling from the Chicago Council on Global Affairs, which shows that although a Republican majority continues to back Israel's war against Hamas, a growing share of Americans believe that US assistance to Israel in the Gaza conflict has gone too far.[23]

At the same time, international perceptions of Trump are markedly more critical than those prevalent in Israel. In Germany, for example, almost 80 per cent of respondents in a March 2025 survey expressed a negative view of Trump – including 48 per cent whose opinion of him had worsened since the start of his second term.[24] Such trends illustrate the deepening alienation between Israel and parts of Europe, which is linked above all to the strong criticism voiced by many European governments of Israel's conduct in Gaza following the terrorist attacks of 7 October 2023.

These developments have led in Israel to a range of practical considerations that have resulted in the increased prominence of expanding the domestic defence industry, diversifying diplomatic alliances, and strengthening cooperation with European countries. There is also hope that with the continuation of the ceasefire in Gaza and the further implementation of Trump's peace

plan, European perspectives on Israeli policy might gradually shift, thereby potentially easing Israel's growing international isolation.

Outlook

Israel thus faces a delicate balancing act both externally and internally. Close cooperation with the United States under Trump guarantees short-term military freedom of action, but this action is not without political and strategic risks. The high level of public approval for Trump's actions among parts of the Israeli population should not obscure the fact that Israel's relationship with the United States is precariously poised between a pragmatic political partnership and structural dependence. In both countries, the outcome of these developments remains uncertain. If the situation in the Middle East fails to stabilise – despite Trump's considerable efforts and his associated peace plan – and if the political climate in Washington or Jerusalem shifts, as could well happen given next year's elections for the US House of Representatives and the Israeli Knesset, the alliance and its current closeness could in many respects come under question.

This article reflects the state of affairs as of 28 November 2025.

– translated from German –

1 Magid, Jacob 2024: Vote for me or Israel will be annihilated, Trump says in pitch to Republican Jews, The Times of Israel (TOI), 6 Sep 2024, in: https://ogy.de/fpnf [23 Sep 2025].
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Honeymoon and Black Eyes

The First Year of Trump's Second Term from the Gulf Perspective

Photo: © APAimages, Imago

In a Nutshell

Donald Trump was initially welcomed by the Gulf states as a harbinger of peace and economic cooperation. Personal ties with regional leaders and preferential economic arrangements strengthened confidence during the beginning of his second term. The US elevated the diplomatic status of the GCC states and granted them access to AI technology and defence equipment.

However, military escalations in Gaza, Yemen, and Iran – and above all, Israel's attack on Qatar – shook the region's sense of security and undermined faith in US security guarantees.

Strategic differences emerged: While Trump pursued confrontation with Iran and sought to expand the Abraham Accords, the Gulf states adopted a policy of de-escalation towards Tehran and demanded progress on the Palestinian issue.

The limits of personal diplomacy were laid bare. Despite their close ties to the White House, the GCC countries struggle to influence key decisions. While the Gaza peace deal marked an uptick in Gulf–US relations, Europe could benefit from their mixed track record by deepening its own strategic engagement with the Gulf.

The Author

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When asked during the 2024 US election campaign which candidate they would prefer to see win, representatives of the Gulf Cooperation Council (GCC) member states – namely Bahrain, Qatar, Kuwait, Oman, Saudi Arabia, and the United Arab Emirates (UAE) – responded with formal neutrality, insisting they could work well with either Democrats or Republicans. Behind the diplomatic phrasing lay a clear preference, however: Donald Trump.

After years of friction with Barack Obama over his Iran policy and criticism of the Saudi-led military coalition in Yemen, relations with Joe Biden also remained cool. During his election campaign, Biden branded Saudi Arabia a "pariah state" following the killing of dissident journalist Jamal Khashoggi – a stance that left lasting resentment despite later efforts to mend ties.[1] Many in the region feared a similarly strained relationship under Democratic candidate and Vice President Kamala Harris.

Donald Trump was a different story. In his first term, he courted Saudi Arabia and the UAE with zeal. His first foreign trip as President took him to Riyadh, where he avoided any talk of human rights or democracy and instead stood firmly by the kingdom amid the international outrage over the Khashoggi affair.[2] Other GCC countries had more of a mixed experience with Trump. Qatar – blockaded by its neighbours during Trump's first term – was initially criticised by the US President before he shifted his stance, reportedly at the urging of Secretary of State Rex Tillerson and National Security Adviser H. R. McMaster. Overall, however, the Gulf's assessment of Trump's first term was positive.

Contrasting starkly with the formal diplomacy of Obama and Biden, Trump's leadership style found ready favour in the Gulf. He cultivated personal relations with key figures such as Saudi Crown Prince Mohammed bin Salman and then-Crown Prince of the UAE Mohammed bin Zayed – a perfect match for the region's highly personalised political culture. As a self-styled deal-maker, Trump fit comfortably into the Gulf's traditional politics of handshake negotiations. Members of his inner circle also maintained close ties with the GCC states. Above all, his son-in-law and adviser Jared Kushner became the driving force behind the Abraham Accords – that is, the normalisation agreements between Israel, the UAE, and Bahrain that marked the signature foreign-policy success of Trump's first term.

Trump the "peacemaker" as a figure of hope

These close connections did not end with Trump's 2020 election defeat: Indeed, they were quickly revived during his 2024 campaign.[3] Unlike Kamala Harris, who largely ignored the region, Trump reached out early and deliberately to the Gulf states.[4] In October 2024, he gave his only international television interview to Saudi Arabia's state broadcaster Al Arabiya, praising Mohammed bin Salman as "a visionary" and promising to end the Gaza war immediately upon his return to office.[5]

In so doing, the US President astutely addressed one of the GCC countries' core concerns: Across the Gulf, nothing was more keenly desired than stability in the conflict-ridden neighbourhood. The war in Gaza – which broke out after the Hamas attacks of 7 October 2023 – only deepened fears of being drawn into yet another escalating confrontation. From the Gulf states' perspective, ending Israel's military campaign in Gaza was the top priority for restoring regional stability.

Trump's earlier pledge to bring an end to the "forever wars" of the Middle East still resonated strongly across the region. By contrast, Abu Dhabi, Riyadh, and Doha grew increasingly frustrated with Biden, whom they saw as unable to stop the fighting in Gaza – a view that also extended to Vice President Harris. The prospect of another staunch supporter of Israel entering the White House was regarded not as a drawback, but rather as an advantage. In their eyes, Trump's unorthodox negotiating style and relentless drive to strike deals made him the only leader capable of pressing Israeli Prime Minister Benjamin Netanyahu to end the war.

Trump was beyond doubt the preferred candidate of the Gulf rulers – a familiar figure with whom they knew how to do business, and the only one they trusted to achieve a settlement in the Middle East. Moreover, if persuasion proved necessary, the Gulf rulers believed the businessman-President could be won over with promises of investment and lucrative deals for himself and his family. Thus, it came as no surprise that Trump's first congratulatory messages on election night stemmed from the Gulf. Indeed, his very first phone call as newly inaugurated President in January 2025 was with none other than Saudi Crown Prince Mohammed bin Salman.[6]

The harmony between the Gulf rulers and the US President paid off economically for the GCC states.

Honeymoon in the Gulf

At first, it seemed as though Trump would deliver on all the hopes invested in him by the Gulf states. From peace initiatives to trade deals, the new US administration delivered everything the GCC countries had wished for, and in rapid succession.

Already during the transition period, Trump's new Middle East envoy and Jared Kushner's successor – Steve Witkoff – brokered a two-month ceasefire in Gaza that took effect the day before Trump was sworn in. Conversely, the White House elevated the Gulf states as key mediators in Trump's broader peace initiatives. Washington relied not only on Qatar and Oman as key intermediaries in regional negotiations, but also on Saudi Arabia, which hosted four separate rounds of peace talks between Russian and Ukrainian delegations that were attended by President Volodymyr Zelensky and Russia's Foreign Minister, Sergey Lavrov.

Economically in particular, the harmony between the Gulf rulers and the US President proved highly profitable for the GCC states. While most of the world was hit with steep tariffs, the Gulf monarchies were charged the minimum rate of just ten per cent. Oil and gas exports – which make up the bulk of GCC trade with the US – were completely exempt, even if the region's overall trade volume with Washington remains relatively modest.[7]

Trump's state visit to the Gulf proved equally lucrative. As in 2017, his first major foreign trip of the new term took him to Saudi Arabia, Qatar, and the UAE. At investment conferences and state receptions, Gulf leaders courted the US President with lavish gifts and promises totalling 2.2 trillion US dollars, in return securing privileged access to hundreds of thousands of US AI chips. While other countries face strict export restrictions, the Gulf states – in the midst of diversifying their economies away from oil and gas – could use this opportunity to build their still-nascent AI industries into world-leading sectors. Trump also signed off on nearly 200 billion US dollars' worth of arms deals during the trip, supplying the GCC members with virtually everything they requested for their defence. Upon closer inspection, however, the Gulf's grand pledges to invest in the US often turned out to be the opposite: multi-billion-dollar investments by US firms in Gulf economies.[8]

Still, Trump's visit was notable not only for its economic gains, but also for its diplomatic outcomes. Although the new US administration was

Saudi Crown Prince Mohammed bin Salman welcomes President Donald Trump during the Saudi-US Investment Forum in Riyadh in May 2025. Photo: © UPI Photo, Imago.

initially sceptical of Syria's new leader – Ahmed al-Sharaa – following the end of the civil war, Mohammed bin Salman – who had placed his hopes in al-Sharaa's leadership and in the stabilising effect of rebuilding the neighbouring country – managed to persuade Donald Trump to soften his stance during the President's visit to Riyadh. By lifting its sanctions on Syria, the US cleared the way for extensive Gulf involvement in the country's reconstruction, fully in line with the region's political ambitions.

Even on sensitive issues, the GCC member states appeared able to win over the often-headstrong US President and to extract concessions that served their interests. The way in which Saudi Crown Prince Mohammed bin Salman along with Mohammed bin Zayed – current President of the UAE – and Qatar's Emir Tamim bin Hamad cultivated personal friendships with Trump was unparalleled anywhere in the world.

What is more troubling, however, is that their most effective strategy went beyond flattery: Indeed, it also involved substantial investments by the Gulf states in Trump's businesses and inner circle. With a total of seven Trump-branded hotels, towers, and golf courses across four countries, the Gulf region was more deeply entwined with the President's corporate empire than almost any other part of the world.[9] In addition, Abu Dhabi channelled billions into the investment fund operated by Trump's AI adviser David Sacks and also into a cryptocurrency company run by Trump's and Witkoff's sons – all while their fathers simultaneously advanced generous business deals with the Emirates.[10]

The fact that the Gulf monarchies so openly enabled the self-enrichment of Trump and his entourage is open to criticism. However, their close personal and commercial ties to the US President clearly afforded them political latitude in the early months of Trump's second term that other nations could only envy.

Growing disillusionment among the Gulf states

The positive momentum in US–Gulf relations soon faded, however. Not only did Witkoff's shuttle diplomacy for easing regional crises quickly lose traction, but the economic deals – the high point of Trump's state visit to the Gulf – were soon overshadowed by a series of geopolitical shocks.

The Gaza ceasefire temporarily reassured the GCC members, but when it collapsed in February, anxiety about renewed instability in the region surged once again, including on the Arabian Peninsula. Despite the high hopes pinned on Trump as a deal- and peacemaker, the new administration in Washington proved unable to contain the cycle of escalation in the Middle East over the spring and summer.

Worse still, it was the US itself that helped draw crises and conflicts ever closer to the GCC states. First came the sudden launch of a 52-day US military campaign against the Houthi militia in Yemen. Although the Gulf states were opponents of the Houthis, they had maintained a fragile de facto truce since 2022 in an effort to keep the situation in Yemen stable. Then, in June 2025, the region was shaken by Israel's twelve-day war with Iran – a conflict that had now reached the Gulf monarchies' doorstep. The decisive turning point came when President Trump authorised US air strikes on Iran's nuclear facilities in support of Israel's military campaign.

In retaliation for the US bombardment, Iran fired ballistic missiles on 23 June 2025 at Qatar – home to Al Udeid, the largest US air base in the Middle East. For the small emirate, a long-feared nightmare scenario had come true: After years of watching regional conflicts from the sidelines, a member of the GCC had become a direct target. When Qatar was hit again on 9 September, this time during an Israeli air strike aimed at Hamas representatives based in Doha, the last illusion of safety was shattered.

After the attacks on Qatar, there was great dismay behind the scenes in the Arab world regarding the US.

Not only had Trump failed to prevent escalation, but Gulf rulers also now faced the uncomfortable question as to whether his policies had even – directly or indirectly – contributed to placing one of their own in the line of fire. The fact that only Qatar had been struck made little difference. The unique status of the wealthy Gulf states had long rested on their collective reputation as islands of stability in a volatile neighbourhood – destinations for tourists and investors, not for missiles. However profitable their privileged relationship with President Trump may have been, their AI deals and investment promises counted for little if the US could not safeguard the Gulf's role as a haven of stability – or even undermined this status.[11]

In the wake of the twin strikes on Qatar and a hastily convened Arab–Islamic summit, the Gulf states publicly tempered their reaction towards the US, wary of provoking Trump's anger.[12] Behind the scenes, however, the sense of shock was profound. The Gulf states had hoped for regional peace – but instead, the attacks on Qatar delivered a double blow. How had relations reached such a critical juncture despite the close ties between decision-makers in Washington and the Gulf capitals?

Diverging visions for the region

Beneath the enthusiasm with which the Gulf region greeted Trump's second presidency lay – from the outset – starkly differing strategic

priorities and threat perceptions between the Gulf states and the Trump administration – differences far greater than during his first term. This became clearest on two major fronts: Iran and Israel.

Donald Trump's regional approach appeared to pick up exactly where his first term had left off. Building on the centrepiece of his earlier Middle East policy, he declared the expansion of the Abraham Accords with Israel to be a top priority of his second presidency – most notably a normalisation agreement between Saudi Arabia and Israel. He also announced the revival of the "maximum pressure" strategy of sanctions and isolation against Iran that had defined his administration's stance towards the Islamic Republic from 2017 to 2021.[13] Both policies had once been welcomed and supported by key GCC members.

Saudi Arabia and Iran: Unexpected diplomatic rapprochement occurred after years of rivalry.

However, by the time Trump had returned to office, the priorities of the Gulf states – especially Saudi Arabia's – had shifted. Years of missile and drone attacks by the Tehran-backed Houthi militia – which in 2019 had temporarily crippled half of Saudi Arabia's oil output and in early 2022 had killed several people in Abu Dhabi – had forced a rethink. From the Gulf perspective, Washington's failure to respond decisively to these Iran-linked assaults had eroded confidence in US security guarantees and convinced regional leaders that de-escalation with Tehran was the only pragmatic option.

In spring 2023, Saudi Arabia restored its suspended diplomatic relations with its arch-rival Iran. While Riyadh's détente with Tehran often amounted to little more than symbolic gestures, communication between Iran and the Gulf states was closer at the start of Trump's second term than it had been at any point in the previous two decades.[14] Trump's revived doctrine of "maximum pressure" therefore no longer resonated in the Gulf.[15]

However, the divide between Washington and the Gulf extended well beyond the approach to Iran. From the Gulf states' perspective, Israel's increasingly aggressive war against Iran and its Palestinian, Yemeni, and Lebanese proxies had set off a dangerous escalatory trend that threatened to undo the progress of Saudi-led efforts to ease tensions with the Islamic Republic. When Trump took office in early 2025, the strategic outlook in the Gulf was shaped no longer by fears of Iranian expansion – as it had been during his first presidency – but by a perceived threat to regional stability arising from Israel's conduct of the war.

A rapid expansion of the Abraham Accords – as envisaged by the newly elected US President – ran entirely counter to this threat perception. While efforts to normalise relations with Israel were not abandoned altogether, their momentum had long since stalled.[16]

The prospect of Saudi Arabia establishing diplomatic relations with Israel without the simultaneous creation of a Palestinian state – as Bahrain and the UAE had done in 2020 – was becoming increasingly unlikely because public sentiment within the Kingdom had shifted markedly. Since the autumn of 2024, Crown Prince Mohammed bin Salman had been publicly insisting on a credible and irreversible path towards Palestinian statehood as a precondition for any formal ties with Israel.[17] Saudi Foreign Minister Prince Faisal bin Farhan even emerged as a driving force behind an international "alliance" dedicated to implementing the two-state solution.[18]

Wishful thinking in the Gulf

These diametrically opposed priorities took so long to surface mainly due to Trump's own contradictory nature and unpredictability. His Janus-faced policies allowed the Gulf states to maintain a selective interpretation of US interests in the region. While the US President proclaimed a hard line towards Iran, he simultaneously mused

about negotiating a new nuclear deal with the Islamic Republic. His push for a rapid expansion of the Abraham Accords was occasionally softened by assurances that Saudi Arabia could take its "own time".[19] Moreover, though Trump voiced unwavering support for Israel's ongoing counter-offensive against Hamas, this support was increasingly coupled with impatient calls for a ceasefire in Gaza.

Expectations of Trump as a peacemaker obscured the fact that his mantra has always been "peace through strength".

The Gulf states therefore chose to focus pragmatically on the version of the US President that best aligned with their own interests and that supported their policy of détente. They convinced themselves that Trump – with his apparent longing for a Nobel Peace Prize – had no appetite for new conflicts – not even with Iran – and was ultimately seeking a stable region.[20] When the US President abruptly called off his hastily launched military campaign against the Iran-backed Houthi militia and – during a Washington visit by Netanyahu – announced fresh nuclear talks with Tehran, Gulf leaders even thought they could detect a cooling in relations between Trump and the Israeli prime minister.

However, from the vantage point of the Arabian Peninsula, this view had blind spots. Expectations of Trump as a peacemaker obscured the fact that his guiding principle had always been "peace through strength". Thus, when US B-2 bombers suddenly dropped bunker-buster munitions on Iran, there was widespread astonishment in the Gulf that Trump – however reluctantly – had joined Netanyahu's war. With seemingly short memories, observers also overlooked the fact that

Demonstration of unity: Shortly after the Israeli attack on a Hamas delegation in Doha on 9 September 2025, a special Arab-Islamic summit was held. The participants strongly condemned the attack and declared their unconditional solidarity with Qatar. Photo: © Naushad, Imago.

this was the same President Trump who – during the Iranian attack on Saudi Arabia in 2019 – had once before stood by idly. His failure to prevent Israel's airstrikes on Qatar – another attack on a Gulf state, and this time, by a US ally – once again shattered long-held assumptions about regional security.

With Donald Trump, the Gulf states found a partner in Washington with whom they could quickly and easily forge strong personal ties – and who rewarded them with lucrative economic deals. However, when it comes to handling the regional powers of Israel and Iran, Washington, Riyadh, and Doha remain deeply divided, with far-reaching consequences for the Gulf's security and stability. Behind this situation lies the central question of the Gulf states' strategy in dealing with the US and Donald Trump: Can personal rapport and ceremonial displays of friendship ever provide a reliable basis for security policy?

Unpredictable US policy as an opening for Europe

The record after Trump's first year back in office remains mixed. After the euphoria of the spring and the disillusionment of the summer, a new phase may now be emerging. In the wake of the attacks on Qatar, the Gulf states closed ranks and turned adversity into advantage by jointly negotiating with Trump to secure a rare diplomatic breakthrough: In October, the US President persuaded the Israeli Prime Minister not only to issue a public apology to Qatar, but also to agree to a ceasefire and a hostage deal with Hamas. This episode demonstrated that the Gulf states' capacity to shape events endures despite recent setbacks. However, their hopes were quickly dashed when Trump's much-vaunted Gaza Plan – following private renegotiations with Netanyahu – watered down or omitted key Arab demands.[21] Reluctantly, the Gulf states backed the President's plan nonetheless.

Whether this marks a turning point towards renewed trust in US–Gulf relations remains to be seen. America's erratic policy leaves the GCC countries facing a strategic dilemma: They are uncertain as to whether their close relationship with Trump truly guarantees their security, yet they have staked everything on it. In security terms, the Gulf remains as dependent on the US as ever.

Alternatives are scarce. Occasional arms purchases from China or Turkey – and new regional defence pacts, such as the one recently signed between Pakistan and Saudi Arabia – cannot conceal the fact that no country on earth can offer the same depth and scope of military deterrence in defence of the Gulf as the US can.[22] Even the People's Republic of China – which maintains its only overseas military base across the Red Sea in Djibouti and has become the Gulf's most important trading partner thanks to its oil and gas imports – has shown time and again that it has no intention of assuming the role of security guarantor for the region.[23] After the attacks on Qatar, the mood across the Gulf is one of disillusionment, yet none of the states can afford to turn their backs on the US.

Personal rapport with President Trump does not automatically translate into influence over US foreign and security policy.

Instead, the GCC countries are now seeking to make their security partnership with Washington as watertight as possible. Just weeks after the air strikes on Doha, Qatari lobbying in Washington secured a presidential decree from Donald Trump declaring any attack on the emirate a threat to US national security and reserving the right for the US to respond militarily.[24] While this falls short of a formal Article 5 guarantee, it nonetheless strengthens US security commitments to Qatar. The emirate also succeeded in negotiating the stationing of Qatari fighter jets at a US air base – a remarkable achievement.[25] Also Saudi Arabia, repeatedly having sought to

secure a NATO-style security alliance with the US in the past, finally secured the coveted status of a "major non-NATO ally" of the US during Mohammed bin Salman's visit to Washington in November. While this does not comprise a clear security guarantee by the US, the simultaneously announced sale of American F-35 fighter jets to the Kingdom awards Saudi Arabia cutting-edge military technology that in the Middle East was exclusive to Israel until now. Therefore, lacking viable alternatives, the Gulf continues to rely on the US security umbrella.

However, the way the Gulf states manage their relationship with the US under President Trump now serves less as a model than it might have appeared to do in early 2025. For all their enthusiasm about the – in some respects considerable – influence they have wielded over Trump, the Gulf monarchs must also recognise that their leverage in Washington has its limits. At key turning points during Trump's first year in office, even Gulf leaders found themselves confined to the role of bystanders.

This in turn holds lessons for Europe. Close personal rapport with President Trump does not automatically translate into real influence over US foreign or security policy. Moreover, for the Gulf states – which share an extended neighbourhood with Europe and are becoming increasingly central to Germany's and Europe's engagement in the Middle East – the time may now be ripe for an alternative offer. A partnership with Europe that moves slowly but that keeps its word and offers institutional reliability may not replace the alliance with the US, but it could well appear more attractive to the Gulf today than many assume.

For this to happen, however, Europe's approach to the region must change substantially: Indeed, GCC members have little appetite for spending another 35 years negotiating a free trade agreement with the EU or for navigating Brussels' bureaucratic maze in search of a point of contact. Germany and Europe could benefit far more from the Gulf's rapid economic transformation if they deepened their commercial exchange and moved more swiftly to build investment and innovation partnerships. To do so, they would need to borrow the most effective element of Trump's Gulf policy: speed and personal engagement at the highest political level. The EU–GCC summit planned for 2026 in Saudi Arabia offers an ideal opportunity to begin this process.

– translated from German –

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The Trump Whisperer

How Mexico's President Is Dealing with the New US Policy

Photo: © Eyepix Group, Imago.

In a Nutshell

Donald Trump's second term poses major challenges for Mexico once again. Economic pressure and security threats are forcing the Mexican government to strike a difficult balance between national sovereignty and economic dependence. President Claudia Sheinbaum has responded with calm diplomacy, avoiding provocation and taking a pragmatic approach to cooperation wherever this serves Mexico's interests.

Despite the asymmetry in power between Mexico and the US, Mexico has maintained a stable negotiating position. The close economic links between the two countries – along with Mexico's key role in migration and drug enforcement issues – give Sheinbaum room to manoeuvre. Her strategy of defusing conflicts through measured accommodation has thus far prevented any major confrontations.

Mexico's red line is the defence of its sovereignty and territorial integrity. Sheinbaum publicly rejects any statements from the US side that call these items into question.

President Trump's foreign policy continues to intertwine trade, security, and migration issues. At the same time, his administration recognises Mexico's strategic importance.

The Author

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The "Trump system" is a daily stress test – for American democracy, for US partners, and for the already-eroding rules-based order. Mexico feels the effects of this stress particularly strongly. As one of only two direct neighbours of the US alongside Canada, Mexico has been a preferred target of Donald Trump's political attacks from day one. However, precisely for this reason, Mexico is now far ahead of many other governments in dealing with Trump's second term. Indeed, the nation has had four years to prepare – unlike most European countries, which turned a blind eye and a deaf ear to the dreaded prospect of his return.

Thus far, Trump's return has mainly meant stress, turns, and threats for Mexico – whether over punitive tariffs or talk of a possible military intervention to combat drug cartels. However, just as during Trump's first term, the actual consequences have been less severe than feared. When Mexico's President Claudia Sheinbaum took office in autumn 2024, she had barely four months to adapt to Trump. She has adopted a factual, level-headed approach, avoiding public confrontation while consistently emphasising Mexico's national sovereignty and its claim of conducting bilateral relations with the US on equal terms.

Mexico can hardly be described as a casualty of Trump's wrecking-ball policies, though the line between friend and foe has always been extremely thin. Trump and his advisers are well aware of Mexico's strategic importance – above all in economic terms.[1] However, they simply cannot afford an open trade war with Canada and Mexico, who are their free trade partners under the USMCA[2]. The North American value chains are too interdependent, the financial markets too jittery, and the car industry too influential, with production facilities in Mexico that are essential to the US economy. Moreover, Mexico holds the key to several of Trump's political priorities, especially migration and drug-related crime. Mexico City is well aware of this leverage, which provides a degree of negotiating space. Nevertheless, Trump's volatility should never be underestimated. In his impulsiveness, he is prepared to harm even his own country and its interests if doing so inflicts greater damage elsewhere.

Mexico's interests in this asymmetric relationship are clearly defined: Access to the US market under the USMCA free trade agreement must be secured by avoiding sanctions and tariffs, while the country's political sovereignty must remain intact. Mexico's scope for action is limited. Pragmatism and restraint serve it well – but never subservience. Emphasising shared interests and occasionally showing understanding for US positions form part of an overall de-escalatory approach. Under Sheinbaum's leadership, Mexico has learned to live with Trump even better than before, though there is little the country can do to proactively influence the course of the relationship.

Unequal neighbours

Relations between Mexico and the US are marked by historical rivalry, intergenerational family ties, national traumas, and above all, deep developmental disparities and dependencies. In short, these relations could hardly be more complex. The two countries share a 3,145-kilometre border – one of the world's most dangerous, and yet the border region is also among the most productive globally.

When the NAFTA[3] agreement came into effect in 1994, North America formally became a free

trade area. This status accelerated the relocation of industries from the US, which politicians – above all, Trump – later exploited in order to stoke resentment against globalisation, Mexican migrants, and the loss of industrial jobs. Restructuring cost hundreds of thousands of jobs in the old industrial regions of the US Rust Belt, many of which were relocated to Mexico due to its lower production and labour costs.

In turn, Mexico benefited from significant industrialisation and integration into global trade flows – albeit at the price of deep internal inequalities. While northern Mexico is closely intertwined with its powerful neighbour, boasting top-tier industrial and infrastructural development, the south presents socio-economic conditions that would hardly be expected in an OECD country. At the same time, Mexico is a member of the G20 and has set itself the clear goal of joining the world's ten largest economies in the long term.[4]

Mexican emigrants are of major importance to the US state and society.

Trade relations between Mexico and the US are highly developed, with both economies being interdependent in several key industries. Each country is the other's most important trading partner: In 2024, 16 per cent of all US imports came from Mexico – putting it ahead of China and Canada[5] – while more than 80 per cent of Mexican exports went to the US.[6] The Mexican economy is thus heavily dependent on its northern neighbour, though the US economy likewise relies on Mexico as a production base for car manufacturers and as a supplier of intermediate goods such as cables, chemicals, metals, and electronics. An estimated five million US jobs depend on trade with Mexico.[7]

Socio-cultural overlaps and their political implications are equally significant. Around 38 million Americans[8] – that is, over 11 per cent of the population – have Mexican roots. In addition, depending on the political and economic climate, an estimated four million Mexicans[9] live in the US without documentation, performing vital yet often poorly paid labour in construction, in agriculture, and in the service sector.

This demographic weight now translates into growing political influence, especially in the southwestern states. In several swing states, Mexican Americans also play an increasingly decisive role in elections. Their concerns are gaining prominence in political debate, and their representation in Congress and state legislatures continues to grow.

Mexican emigrants are therefore of major importance to the US state and society – but they are also crucial to their country of origin, not least in economic terms. According to official figures, around 64.7 billion US dollars were sent back to Mexico last year in the form of remittances (*remesas*), which corresponds to 3.5 per cent of GDP. More than 95 per cent of these remittances came from the US.[10] This money flows directly to families in structurally weak regions, thereby providing a stabilising force in the fight against poverty. Even small fluctuations – due to more restrictive migration policies, for instance – can have a significant socio-economic impact within Mexico.

Donald Trump and Mexico – A relationship of its own

Politician Donald Trump is scarcely conceivable without Mexico. Indeed, Mexico is essential when it comes to understanding Trump's political success and the global phenomenon he both unleashed and personifies. Trump's 2016 election victory was built – quite literally and symbolically – on the US's southern neighbour and its people. From the outset, Mexico served as a stand-in for everything that in Trump's view was wrong with the US. The wave of dynamic globalisation since the 1980s made the US wealthier at the top yet left its middle class – the core of American society – relatively poorer.[11] Industries moved abroad, while migrants from Latin

America moved in. Much of this industrial flight went southwards to Mexico under NAFTA, only reinforcing the feeling that the US was growing poorer to the benefit of other countries.

Mexicans featured again and again in Trump's speeches as a stand-in for all migrants as well as for criminal activity.

Many sociological, psychological, and economic factors may have played a part in this development, yet the steadily rising share of Hispanics[12] in the population – and their improving living standards alongside the relative and absolute decline of the white middle class – created ideal conditions for Trump's rhetoric. For many voters, the "provocation" of a Black president completed the picture. With Trump's impulsive rhetoric and his performance as a down-to-earth spokesman for "real America" who would bring the detached Washington elite back to reality, he became increasingly attractive to many citizens. Mexicans featured again and again in his speeches as a point of reference and a scapegoat – a stand-in for all migrants as well as for criminal activity. They were the central motif of a campaign strategy that was as simple as it was successful.

Mexico became the symbol of a new border policy – "We will build a wall!" Migrants from the south – labelled indiscriminately as "Mexicans", regardless of their actual origin – were accused of bringing drugs and violence into the country and were to be deported or – preferably – prevented from entering in the first place. Controversial though it was, the wall became the defining symbol of a new American isolationism – an attitude that had supposedly been left behind when the US entered the Second World War. The wall stood for a renewed assertion of sovereignty, which was defined first and foremost by control over a territory and its borders. At the same time, Mexico became a proxy for a much broader debate about cultural identity and demographic change within the US.

In this discourse, the wall also stood for globalised trade – "They are taking your jobs!" To many in rural America, free trade and globalisation had harmed the middle and working classes while benefiting foreign countries – Mexico among them. The corporations and their owners – along with the Washington elites who had allowed the Rust Belt to decline – were seen as having betrayed the American people.

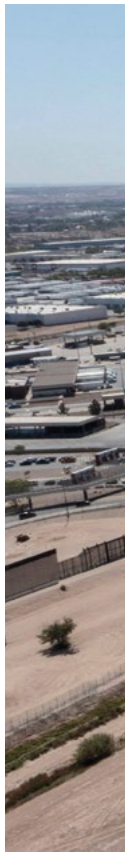
In one notorious statement, Mexicans were broadly branded as being responsible for crime and drugs and were portrayed as the cause of poor security in American cities – "They are bringing crime; they are rapists!" In many speeches and remarks to this day, Trump draws a causal link between migration and US security problems. Since a large share of the drugs consumed in the US do in fact come from Latin America – with criminal networks and cartels often based in countries such as Mexico – there is at least superficially a certain logic to this narrative.[13]

Within the populist-nationalist MAGA discourse, the common enemy was thus clearly defined, thereby creating an "us versus them" dynamic behind which many voters could rally, including some who were not of US-born background. In this context, Mexico and Mexicans often became the central image, the shared adversary.

Cooperation instead of confrontation

In Trump's second term, the focus of his political agenda has shifted only slightly. Even before taking office, his team announced a policy shift in the three key cross-border areas of trade, migration, and organised crime/drug trafficking, thereby interlinking them.

On his very first day in office, Trump issued a flurry of executive orders putting maximum pressure on the Mexican government, including designating the cartels as terrorist organisations and imposing immediate 30 per cent punitive tariffs on USMCA free trade partners. Just two days later, in response to Mexico's hasty concessions – including the deployment of



10,000 National Guard troops to the border – the tariffs were suspended.[14] It was a deal to Trump's liking, a display of dominance that underscored the economic might of the US. For Mexico, such tariffs would have been devastating. Trump's announcement that he intended to tax migrant remittances also sent Mexico's policymakers into high alert.[15] The challenge, then, is to oppose the mostly transactional President while finding other ways to accommodate him. Far more openly than any of his predecessors, Trump links different policy areas together. Although security and free trade are only partially related, Trump threatens action in one field – trade – in order to achieve his goals in another – security. For its part, Mexico must do almost everything it can to preserve free trade as such and is therefore willing to grant Trump visible wins, such as tighter controls on the US's southern border – thereby preventing illegal crossings into the north – and carrying out high-profile raids on drug laboratories.[16]

More effective cooperation on security matters is clearly in both countries' interests in order to weaken the cartels.

However – and this is central to understanding the dynamic between Trump and Sheinbaum – the Mexican President holds leverage over several of Trump's core domestic campaign promises. Migrants, drugs, and organised crime all come from or through Mexico. They could be stopped there – or not.

Traffic jam on both sides of the Zaragoza International Bridge in El Paso, Texas. Mexico and the US share a 3,145-kilometre border. It is one of the most dangerous in the world, yet the border region also ranks among the most economically productive globally. Photo: © Omar Ornelas, Imagn Images, Imago.

In principle, more effective security cooperation serves both sides: It weakens the drug cartels (a shared interest), minimises migration (a US interest), and safeguards national sovereignty (a Mexican interest).[17] Above all, territorial integrity vis-à-vis the powerful northern neighbour is sacrosanct. President Sheinbaum can show great flexibility and accommodation towards the US because everyone in Mexico is aware of the economic dependencies, but unilateral US action on Mexican soil would be unacceptable and – for domestic political reasons – could never be tolerated.[18] The complexity of the issue is well understood in Washington: With his Latino background and political base in Florida, Secretary of State Rubio is thought to have some understanding of sensitivities south of the Rio Grande, for example. During a recent visit to Mexico, Rubio repeatedly emphasised – in Spanish – the importance of respecting Mexico's sovereignty and expressed gratitude for the country's close cooperation in combating cross-border crime.

Migration, drugs, and cartel violence are closely interconnected, yet they lie largely beyond the direct control of the US.

Trump's designation of the cartels as terrorist organisations under US law gives him the legal option of taking military action against them.[19]

Mexican President Claudia Sheinbaum welcomes US Secretary of State Marco Rubio to Mexico City in September 2025. They discussed security cooperation, the fight against drugs, and migration while reaffirming Mexico's sovereignty. Photo: © Zuma Press, Imago.

He set this tone deliberately at the start of his term and at the same time deployed several thousand troops to the border under the pretext of securing it. Kinetic strikes – using armed drones to hit cartel targets deep inside Mexican territory, for instance – would pose little technical difficulty for the well-equipped US armed forces. Under this constant threat, which is often accompanied by warnings of punitive tariffs, Trump has exacted more decisive action against the criminal organisations; against rampant corruption in politics, the judiciary, and the military; and against the at-times poorly controlled migration through Mexico. Ironically, this gives Sheinbaum the necessary political cover to take a tougher stance at home and to distance herself from the more complacent approach of her predecessor and political mentor, Andrés Manuel López Obrador.[20]

Herein lies Trump's central strategic weakness vis-à-vis Mexico: Migration, drugs, and cartel violence are closely interconnected, yet they lie largely beyond the direct control of the US.

Whenever Trump offends Mexico too sharply and cooperation slows, he runs into difficulty delivering on his promises. Within this complex field of tension, the Mexicans are well aware of this political advantage, even if they never name it openly.

Considering these dynamics, it can be said that Trump places heavy demands on Mexico and exerts great pressure. However, given the circumstances, Trump cannot act on his power-political instincts without restraint. This gives Mexico a degree of leverage to negotiate with him and to assert or safeguard its own interests vis-à-vis Washington. On several occasions, despite announced punitive tariffs, Mexico has been spared following a personal phone call from Sheinbaum.[21]

Dealing with Trump

Mexico's President has already been admiringly described as the "Trump Whisperer".[22] This moniker may sound somewhat hyperbolic given that the two have not yet met in person. Indeed, a planned meeting on the sidelines of the G7 summit in Canada – to which Sheinbaum had been invited by host Mark Carney – did not take place due to Trump's early departure. Nevertheless, the US President has repeatedly spoken very positively about his Mexican counterpart. As their conversations are not public, Sheinbaum's approach cannot be studied directly, yet public statements and political measures do provide some insight into her chosen strategies.

Mexico's response to tariff threats has been to make public gestures of cooperation (e.g. the arrest and extradition of cartel leaders and the deployment of soldiers to the shared border). These actions implicitly validate Trump's claims, thereby allowing him to present them as political successes at home. Through such direct security cooperation, Mexico makes itself useful – even indispensable.

There are, however, certain boundaries that President Sheinbaum cannot cross, for she too has a domestic audience to satisfy. Her public insistence on Mexico's national sovereignty and political independence draws clear boundaries with the north and incidentally gives Sheinbaum excellent approval ratings at home.[23] Mild counter-threats are an effective and occasionally employed tactic in tariff discussions, reminding Trump that Mexico could in turn impose 25 per cent duties on all US imports, thereby directly harming American firms.

Sharp rebuttals occur only when sovereignty and national integrity are challenged too aggressively. In relations with both Canada (which at the start of 2025 sought to throw Mexico "under the bus") and the US, Sheinbaum has at times felt compelled to respond firmly. In response to accusations that Mexico bears sole responsibility for drug trafficking and violence in North America, she has said that Mexico is not responsible for pursuing criminal networks beyond its borders. The Mexican government also frequently stresses that the high demand for narcotics in the US remains a central part of the problem.

Mexico tends to go on the counter-offensive above all when it comes to its own security crisis.

The bloody conflicts have long been known to be fuelled by weapons smuggled from the US. For Mexico City, this is a key but often-ignored political issue – one that has even reached the US Supreme Court.[24] Little is being done in the north to stem the flow of smuggled firearms, which claim around 30,000 lives in Mexico every year.[25]

Finally, Mexico's geographic proximity and structural ties ensure that its political presence in the US is unmatched. There are 53 consulates across the country: At regional and local levels, thousands of Foreign Ministry staff are tasked with maintaining contacts and advocating for Mexico's interests and its people within US constituencies.

Neither Sheinbaum nor her advisers appear in any hurry to arrange a personal meeting between the two heads of state. Indeed, they remember all too well the public humiliations suffered by several other world leaders.

Conclusion

It is clear that Claudia Sheinbaum – as Mexico's first female president – faced no easy starting position in dealing with the returning occupant of the White House. Unlike many of her counterparts, however, she seems to have found a functional, matter-of-fact way of handling him.

Despite economic dependence and a pronounced imbalance of power, Sheinbaum navigates both the national and personal dimensions of this relationship with skill while remaining fully aware of certain strategic advantages that do not need to be publicly stated. The bilateral relationship between the two countries may at times appear contradictory.

The special dynamic between these unequal neighbours – that is, between the erratic Trump and the level-headed Sheinbaum – cannot serve as a model for others, yet some conclusions can still be drawn. When dealing with Trump, the focus must lie on shared interests and on one's own strengths: Indeed, there is little to be gained from being an antagonist. Sheinbaum is certainly not winning against Trump, but neither is she losing – and that alone is more than most of her counterparts worldwide can claim.

That said, any foreign policy analysis of Mexico must also acknowledge the country's severe internal problems, which persist under Sheinbaum's leadership. In recent years, Mexico has suffered striking democratic setbacks. The ruling party – MORENA – controls not only the government, but also both chambers of the national parliament as well as much of the country's 32 federal states and – through a 2024 judicial reform – has seriously undermined the rule of law.

Judges at all administrative levels are now elected directly by the public, thereby opening the door still wider to the corruption already rife throughout the system.[26] Organised crime continues to control parts of the country as well as sectors of the economy and politics while terrorising the civilian population. The security situation remains tense at best, and in some regions, the state effectively no longer exercises control. Independent investigative media are met with threats and lawsuits from government circles – and the list could go on. Since Trump is not exactly known for his reverence for democracy, for his respect for the separation of powers, or for transparency, perhaps he recognises in Sheinbaum a kindred spirit of sorts.

This article reflects the state of affairs as of 24 November 2025.

– translated from German –

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4 In 2023, Mexico ranked twelfth worldwide with a gross domestic product (GDP) of USD 1.789 trillion, ahead of Australia, South Korea, and Spain, as well as 73rd in terms of GDP per capita, behind Georgia, the Dominican Republic, and Serbia. Worldometer: GDP by Country, in: https://ogy.de/0kqc [29 Oct 2025]; Worldometer: GDP per Capita, in: https://ogy.de/8fkd [29 Oct 2025].
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Before becoming the editor of *International Reports*, Dr Gerhard Wahlers served as the head of several international offices of the Konrad-Adenauer-Stiftung and, in this capacity, was also an active contributor to our magazine. To mark his retirement, we retrieved one of his articles from our archives, which takes us back to 1996, when Benjamin Netanyahu first became Prime Minister of Israel.

Photo: © Avalon.red, Imago.

Israel after the 1996 Elections

Likud Leader Netanyahu Becomes New Prime Minister

Gerhard Wahlers / Jan Senkyr

Read the article:
www.ogy.de/en_Israel_1996

Elbows Up, Elbows Down

Canada's Relations with the United States under Donald Trump

Photo: © UPI Photo, Imago.

In a Nutshell

Relations between the US and Canada have deteriorated noticeably since Donald Trump's re-election. Trump's protectionist economic policies and his provocative remarks about Canada as the "51st state of the US" have fuelled a new wave of patriotism and brought about a fundamental shift in Canada's foreign and economic policy. Prime Minister Mark Carney responded with a marked shift towards Europe as well as with closer cooperation on security and defence.

Since then, Canada has been working to reduce its economic dependence on the US, to diversify its trade relations, and at the same time, to strengthen its military cooperation within NATO. Carney's course is seen as pragmatic: He seeks stability in relations with Washington without compromising national interests.

Domestically, Canada faces major challenges. The consequences of the tariff dispute, rising unemployment, and high living costs are weighing on the country. At the same time, industrial and infrastructure programmes aim to boost economic resilience.

Canada is being forced to redefine its geopolitical position. Given the growing uncertainty about the future direction of the US, Ottawa is pursuing greater strategic autonomy and closer partnerships with Europe and the Indo-Pacific region.

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Amid the global trade war, the conflict between the once-closest of partners of the US and Canada reached a new peak in spring 2025 with mutual punitive tariffs and counter-tariffs. After taking office again in January, President Trump continued the protectionist policies of his first term. With threats of tariffs targeting the automotive and steel industries – and above all, with his demand that the US annex Canada as the "51st state of the US" – Trump reignited a long-dormant sense of Canadian patriotism. According to Canada expert Gerd Braune, Trump's attacks triggered a feeling of nationalism in Canada on a scale never before seen, thereby profoundly altering relations between the two neighbours.[1] At the start of the election campaign, Prime Minister Mark Carney even spoke of irreparable damage: "The old relationship we had with the United States – built on deep economic integration and close security and military cooperation – is over."[2]

Drawing on its experience of Trump's first administration from 2017 to 2021, Canada now aims to "play to its strengths" by removing internal trade barriers between the provinces and rebalancing existing dependencies in the field of defence. Canada's industry remains the largest investor in the US, but with new markets opening in both Europe and the Indo-Pacific, diversifying and strengthening the resilience of Canadian trade and industrial policy is more urgent than ever in light of US protectionism. As the chair country, Canada hosted the G7 summit in Kananaskis in mid-June. The agenda included decisions on migration, artificial intelligence, and quantum technologies as well as on critical raw materials: "The G7 aims to reduce dependence on authoritarian states such as China and secure its own supply chains for lithium, cobalt, and rare earths. It has also agreed to facilitate investment and strengthen partnerships with reliable countries."[3] A week later, on 24 June, Canada signed an agreement with the EU in Brussels to deepen security cooperation and to take part in the EU's ReArm Europe initiative through the Security Action for Europe (SAFE) programme. Backed by around 800 billion euros, the European Commission's ReArm Europe/Readiness 2030 plan seeks to enhance Europe's defence capability. The SAFE programme will make 150 billion euros in credit available in order to strengthen interoperability among EU partners.[4] While not a member of the EU but nevertheless a part of NATO, Canada may be able to participate along the lines of Norway or the United Kingdom, thereby reducing its heavy reliance on the US defence industry.[5]

Canada's strategic reorientation towards Europe was once again viewed critically in the US. At the subsequent NATO summit in The Hague, however, Canada endorsed the US demand for all partners to meet the five per cent target – a move that may have temporarily appeased Washington. However, exactly how the country intends to achieve this goal remains to be seen. With this stance, Prime Minister Mark Carney has corrected the course set by the previous government and signalled to the US that Canada will not be intimidated but will nevertheless meet its responsibilities within the North American Aerospace Defence Command (NORAD), in the Arctic, and as part of the transatlantic alliance with Europe. As such, the provocations from the US have brought Canadians not only closer together, but also closer to their European allies through an agreement concluded in August 2025 between Canada and Germany on securing critical raw materials.[6]

Mark Carney and Donald Trump – Worlds apart

Canada experienced a brief and rather uneventful election campaign in the midst of its trade conflict with the US. The late surge in support for the Liberals under Mark Carney was unusually strong, driven above all by growing unease over the unpredictability of Donald Trump and his administration.[7] After the volatile years under Justin Trudeau, the former central bank governor came to be viewed as a crisis-tested leader. Although the Conservatives under Pierre Poilievre achieved their greatest result since 1984, it was not enough to secure victory. Carney was able to form a minority government with a margin of just three votes. Even before the elections, Carney had made his intentions clear by travelling first to Paris and London – a pointed signal to Washington. It was not until later – in May 2025 – that the Canadian Prime Minister met President Trump in Washington, D.C. According to media reports, the talks were marked by mutual respect. Carney expressed dissatisfaction with the outcomes but made clear that Canada's interests were not up for sale.[8]

The Carney government's approach to the US appears outwardly firm and measured. Indeed, Carney himself avoids unnecessary confrontation. The government's already-adopted Digital Services Tax Act had been withdrawn just before the first round of tariff negotiations with the US began at the end of June.[9] Even so, Mark Carney did not go to US President Donald Trump with cap in hand. While Trump had previously referred to Justin Trudeau in late November as the "governor of the 51st state",[10] he did appear to accept Carney as a serious financial expert.

Carney's foreign-policy performance as a mediator won him credit early in his term, but since autumn 2025, his government has been grappling with domestic challenges that directly affect relations with the US. These challenges include expanding pipeline infrastructure, accelerating housing construction, and supporting firms hit by the tariff dispute in the industrial belt spanning both countries. The automotive and raw-materials sectors of the two economies are tightly interwoven. With industrial output stagnating, unemployment is rising rapidly on both sides of the border. To mitigate the fallout, the Strategic Response Fund – approved in August 2025 with a volume of five billion Canadian dollars – is to support the steel and automotive industries and to prevent the loss of up to 30,000 jobs amid the ongoing tariff conflict with the US.[11] The persistently high unemployment rate risks fuelling conflict with more than just the opposition: Indeed, the rise in everyday living costs in recent years worries many Canadians. In October, the Conservatives tabled a motion calling for lower taxes on food.[12]

In the wake of the "elbows-up" stance, are we now seeing a rhetorical de-escalation in favour of addressing domestic challenges? A renewed softening towards the US – an "elbows-down" moment – may indeed seem more useful to Carney than continued confrontation.

At a press conference on 22 August 2025, Carney clearly conveyed that despite recent tensions, Canada was still enjoying the most favourable trading conditions with the US. To preserve this advantage, the government intends to expand the provisions of the Canada–United States–Mexico Agreement (CUSMA) and to abolish all remaining tariffs on US goods – a step that aims to largely restore free trade between the two countries from 1 September 2025.[13]

Cooperation between Canada and the US has come under heavy strain since Trump's first term.

Canada and the United States – A relationship of ups and downs

Relations between Canada and the US have never been free of conflict. The premiership of Pierre Trudeau (1968–1979 and 1980–1984) – father of recently resigned Justin Trudeau – was

Indispensable: Canada's natural resources are of central importance to the United States' energy supply and industrial production. Photo: © Larry MacDougal, Imago.

a particularly tense period. Even more difficult were the years of the Great Depression from 1930 onwards, when the Smoot–Hawley Tariff Act in the US sparked a trade war with Canada and Britain: "Thus, Ottawa's economic and trade policy over the past forty years has oscillated between a drive for deeper North American integration and efforts to reduce dependence on its powerful neighbour."[14]

Canada–Trump I

Bilateral cooperation between Canada and the US has come under heavy strain since Donald Trump's first term under his "America First" agenda. As early as in 2018, Trump imposed punitive tariffs on Canadian steel and aluminium, thereby deliberately burdening the economic interdependence of the two nations – a move that was controversial even within the US. Shortly after taking office, the Trump administration also withdrew from multilateral agreements, such as the Trans-Pacific Partnership (TPP). At the same time, Trump openly questioned US NATO membership, arguing that the burden-sharing was unfair and that European states were not contributing enough to their own security. At that time, Canada was falling short of the alliance's two per cent target, projecting only 1.76 per cent of GDP by 2029/2030 as being attainable.[15]

Relations between the US and Canada eased only briefly under President Joe Biden. However, despite a different tone and a far more cooperative approach, Biden also pursued an "America First" policy in substance. Some priorities were new, however, and would have been unthinkable under Trump – notably the emphasis on environmental and climate policy and the promotion of social justice.[16] Prime Minister Justin Trudeau likewise focused on multilateral cooperation: Canada remained committed to the Paris Agreement and – with the 2021 Net Zero Emissions Accountability Act[17] – set a goal of achieving climate neutrality by 2050 – a target that remains socially contentious, with the carbon tax being a particular focal point of Conservative criticism.

With Donald Trump's second inauguration, bilateral relations between Canada and the US fell to a historic low.

At the same time, the trade war between the US and China hit the Canadian economy hard, especially in the steel and automotive industries. The US government also pushed for a renegotiation of the North American Free Trade Agreement (NAFTA) with Canada and Mexico. This pressure led in 2018 to the conclusion of the United States–Mexico–Canada Agreement (USMCA), which is known in Canada as the Canada–United States–Mexico Agreement (CUSMA). The new deal was intended to offset disadvantages, to strengthen US production, and to consolidate America's position through closer energy cooperation with Canada.

Canada–Trump II

With Donald Trump's second inauguration in January 2025, bilateral relations between Canada and the US fell to a historic low. While the US continued its confrontational stance towards China, its dealings with long-standing allies such as Canada and Europe became increasingly

Empty shelves: Tensions between Canada and the United States have ignited a new wave of Canadian patriotism, with consumers consciously choosing made-in-Canada products instead of US products. Photo: © VCG, Imago.

abrasive. Priorities were unilaterally redefined from the outset. It soon became evident that Trump's second term was following the blueprint of the Project 2025 – Mandate for Leadership plan,[18] which was developed by the Heritage Foundation and has since been implemented in areas ranging from administrative restructuring to military deployments in American cities.[19] The threats issued by the Trump II administration against Canada, Greenland, and Europe appear to have been made to deliberately inflict damage to the rules-based international order. At one point, Trump even floated the idea of a military occupation of self-governing Greenland, which is part of NATO member Denmark. The Project 2025 agenda explicitly highlights Greenland's strategic importance in countering China.[20] This year, Trump also announced his intention to terminate the USMCA but quickly recognised that such a move would also severely harm the US economy; therefore, he abandoned the idea. Instead, his administration leveraged the existing trilateral trade agreement, under which around 85 per cent of Canadian exports to the US are tariff-free – an advantage for Canada in Trump's view.[21]

Beyond this free-trade framework, Canada has in recent years deepened its cooperation with Indo-Pacific partners. Collaboration with Australia, New Zealand, Japan, and South Korea has become strategically significant as part of efforts to counter China's growing influence.

Economic interdependence between Canada and the United States

Canada and the US differ significantly not only in population size, but also in economic strength. With a population of roughly 350 million and a GDP of about 29.2 trillion US dollars, the US is the world's largest economy as well as a technological and military superpower.[22] With a population of 41 million and a GDP of around 2.25 trillion US dollars in 2024, Canada views itself as a middle power that often operates in the slipstream of the US. Roughly 70 to 75 per cent of Canada's trade flows are directed towards the US, though exports have fallen by about ten per cent due to tariff disputes and uncertainty[23]: "Not only do three-quarters of Canadian exports go to the US, but Canada is also America's most important export destination and the largest export partner for 32 of its 50 states."[24]

This deep integration of the two economies goes hand in hand with both advantages and significant vulnerabilities. The respective trade surpluses of the US and Canada have led to differing assessments of the conflict. At the start of 2025, Trump repeatedly highlighted the US trade deficit with Canada, which is largely the result of Canada's energy exports to the US. Canada's wealth of natural resources is of critical importance for the US energy supply, the automotive and steel industries, agriculture, and therefore also food security. Canada is the largest energy trading partner of the US, supplying around 60 per cent of US oil imports and almost 99 per cent of its natural gas imports. The nation additionally supplies heavy crude from oil sands, liquefied natural gas, and critical minerals and metals as well as about 85 per cent of imported electricity.[25] Canada has thus far refrained from using its energy leverage as retaliation against US tariffs, instead remaining mindful of the potential damage to its own industries. Nonetheless, calls from energy-producing provinces have grown louder.[26] When Ontario Premier Doug Ford was re-elected in March 2025, he immediately threatened to halt energy exports to the US at the onset of the trade war[27] – a move that would have driven up US energy prices and further escalated the conflict.

For Canada, the key will be to chart a course of strategic resilience.

Canada's dependence on the US is likely to remain a constant. In 2024, the US imported goods worth around 476 billion US dollars from Canada – more than from China (463 billion US dollars), though less than from Mexico (562 billion US dollars) according to the Bureau of Economic Analysis.[28] Any significant reduction in

these imports would inflict severe damage on the Canadian economy. Whatever the duration of the trade conflict, the key for Canada will now be to chart a course of strategic resilience that involves the following measures:

1. Achieve emancipation from the US in the area of trade policy through the diversification of trading partners towards the EU and the Indo-Pacific region together with a gradual loosening of the integration between Canadian and US industries. This is not a new idea, but it has yet to be fully realised.

2. Strengthen the industrial and security partnership with the European Union through concrete projects in the Canadian budget so as to help meet the agreed NATO five per cent target by 2030, including participation in the SAFE and ReArm Europe programmes.

3. Expand the raw materials sector and develop sufficient energy, hydrogen, and LNG transport infrastructure, thereby ensuring continued supply capacity to the US while also improving pipeline and port infrastructure along a west–east axis. Such a determined response to these challenges was not expected of Canada in previous years and was largely ignored by the Trudeau government.

The tariff measures announced amid the US dispute are likely to push up prices for Canadian products.

Tougher times ahead for Canada and Europe

Intensifying system rivalry and the erosion of the multilateral order are placing increasing strain on liberal democracies. In authoritarian states, respect for the rule of law is increasingly giving way to the law of the strong. The future course of the US thus remains deeply uncertain. Canada appears to be counting on the eventual passing of Trump's second term, hoping for a return to normality. However, this may prove a false hope given Trump's willingness to use punitive tariffs as a tool against any perceived wrongdoing.[29]

As geostrategic trading partners and NATO allies, the US and Canada have been the most important allies outside the European Union in recent decades, thereby making them highly relevant partners. A lasting disruption in their bilateral relationship would inevitably affect both the North Atlantic Alliance and the EU. If the trade war between the US and Canada continues, the achievements of the CETA agreement will inevitably come under threat. Since its provisional application in 2017, trade between Canada and the EU has grown by 70 per cent.[30] Nevertheless, the free trade agreement has so far not been ratified in ten EU countries. The tariff measures announced amid the US dispute are likely to push up prices for Canadian products – increases that even more intensive trade with Europe and Germany may not be able to offset. According to the Federation of German Industries, economic cooperation with Canada is becoming ever more significant: "In 2022, bilateral trade between Germany and Canada reached a new record. Compared with in 2021, it rose by 28 per cent to 20.8 billion euros, driven largely by higher numbers of exports of German vehicles, machinery, and electrical engineering."[31] The current trade volume between the two countries could stagnate, thereby jeopardising jobs on both sides of the Atlantic. Increasing prices for imported steel alone would have far-reaching consequences for German industry. Last spring, the German Institute for Economic Research warned of significant indirect effects on the domestic steel sector.[32] As early as in 2018, the so-called diversion effects endangered thousands of jobs in Germany's steel industry – a development that could easily recur. Another example is Volkswagen's investment of over five billion euros in the world's largest battery-cell gigafactory in St. Thomas, Ontario. The aim of tapping into an additional sales market in North America would be jeopardised not only by the tariff dispute, but also by President Trump's fundamental questioning of the transition in the automotive industry. Germany's car industry is already under pressure amid the global industrial

transformation and ongoing debates about postponing or even cancelling the planned phase-out of combustion engines; therefore, these developments would weaken the industry further.

It is thus necessary to question whether Canada can – amid a strained budget – meet its existing NATO commitments, including the planned deployment of around 2,000 Canadian troops to Latvia by 2026 in order to strengthen the alliance's eastern flank[33] as well as investments in modernising NORAD and in developing new defence capacities along NATO's northern flank in the Arctic.

Should the existing multilateral order of the "Global North" give way to a policy that serves primarily US interests, this would mark what political scientist Matthias Kennert described a decade ago as a "phase of multipolarity" – one characterised less by balance than by instability and vulnerability to crises.[34]

According to an analysis by the German Institute for International and Security Affairs, the US is now "moving from a crisis of democracy towards a crisis of statehood", with "another wave of autocratisation" to be expected.[35]

The established principle of burden-sharing within the Western alliance is no longer accepted by Washington. The five per cent target ultimately stands as a symbol of a clear shift in responsibilities within NATO towards Europe and Canada.

In these geopolitically uncertain times, Canada's realignment carries considerable risk. Accession to the EU under Article 49 of the Treaty on European Union is highly unlikely as Canada is not a European country. A status similar to that of Norway is likewise not among Ottawa's current priorities, not least because this would entail adopting EU regulations – a debate Canada has yet to begin.

Instead, Canada will have to re-examine its one-sided dependence on the US. It is clearly in the country's interest to be able to respond more independently to geopolitical challenges in an era of trade wars and cyberattacks. However, the more the US isolates itself under Donald Trump – or, as historian Anne Applebaum puts it, "moves towards an autocracy in which the media are manipulated and freedom of expression is curtailed"[36] – the more urgently the question turns to Canada.

The most likely outcome for now, however, is that Canada will focus on stabilising its bilateral relations with the US at a manageable level. Like Europe, Canada has grown comfortable in the slipstream of the US. However, the wake-up call is likely to resonate for some time to come.

– translated from German –

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A Balancing Act between Closeness and Independence

Vietnam's Relations with the United States under Trump 2.0

Photo: © Zuma Press, Imago.

In a Nutshell

Since the end of the war in 1975, Vietnam has evolved from a war-torn country into a dynamic export nation. With its *doi moi* reform policy, launched in 1986, the country opened to the global market economy and set its sights on becoming a high-income industrial nation by 2045.

Relations with the US evolved from post-war reconciliation to close economic and strategic cooperation. Under President Biden, these relations reached a high point in 2023 with the establishment of a Comprehensive Strategic Partnership.

After largely positive experiences during Trump's first term, Hanoi initially viewed Trump's re-election with cautious optimism – only to be quickly disappointed. When Washington imposed a 46 per cent tariff on Vietnam, the Southeast Asian nation reacted swiftly and negotiated a reduction to 20 per cent.

However, the abrupt suspension of USAID programmes endangered projects aimed at addressing the war's lingering effects and undermined the trust between the two countries.

Vietnam is now pursuing a policy of economic diversification and technological progress. With its so-called bamboo diplomacy, it continues to balance skilfully between the major powers – determined, if necessary, to withstand setbacks in trade with the US.

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When the forces of communist North Vietnam entered Saigon in April 1975 and broke through the gates of the US Embassy, the United States as a superpower was decisively humbled. The Democratic Republic of Vietnam – proclaimed by Ho Chi Minh in 1945 – had succeeded in winning one of the 20th century's most brutal wars. This marked the end of more than a century of colonial rule and foreign intervention. However, even as Hanoi celebrated, the reunification of North and South into the Socialist Republic of Vietnam in 1976 brought little immediate relief. Due to the war, the country was left heavily bombed, contaminated, and deeply traumatised. Determined to isolate communist Vietnam, the US imposed a trade embargo immediately after the war. During the ensuing years of socialist central planning, much of the population lived at subsistence level, and food shortages were common.

In 1986, Vietnam laid the foundations for market-oriented development with its *doi moi* ("renovation") reforms, modelled on China's opening-up policy. Once stronger incentives had been introduced in order to make agriculture more efficient, the country produced a rice surplus within just a few years. This marked the beginning of Vietnam's foreign trade. As the country opened further to global markets, the US – under President Clinton – lifted its embargo in 1994, and diplomatic relations between Washington and Hanoi were established the following year. As the country opened to the world, Vietnam made it clear that the nation would not again allow itself to be caught between rival powers. In its 1998 defence white paper, Vietnam formally adopted the so-called Three Nos policy: no military alliances, no foreign military bases on Vietnamese territory, and no use of the country or its resources against any third party. In 2019, Vietnam added a fourth "No", declaring its rejection of all use or threat of force to advance national interests.

50 years after the end of the conflict – known in Vietnam today as the "American War" – the country has become a dynamic economy. After 1985, when per capita income stood at just 238 US dollars, this figure increased twentyfold to 4,717 US dollars in 2024.[1] Encouraged by four decades of rapid growth, the political leadership in Hanoi has set itself the goal of transforming Vietnam into a high-income industrial nation by 2045, which is the centenary of the state's founding. The driving force behind these ambitions is Vietnam's export-oriented manufacturing sector. In this field, the country is almost without equal: In 2023, exports of goods and services accounted for 86.47 per cent of GDP according to the World Bank – that is, nearly double the global average of 45.02 per cent, which is roughly where Germany ranks. A clear vulnerability of this model lies in Vietnam's dependence on the US, which accounts for around 30 per cent of its GDP through exports.[2] At the same time, Vietnam relies heavily on China as a source of raw materials and components for its manufacturing industries. The resulting dependence runs in both directions.

The year 2025 also marks the 30th anniversary of diplomatic relations between Vietnam and the US. In the early years, the relationship centred on coming to terms with the war the US had waged between 1965 and 1973, which left vast destruction in its wake. This focus included humanitarian cooperation and efforts to address the lasting effects of Agent Orange, the defoliant used during the war.[3] From the 2000s onwards, trade became an increasingly central element of bilateral relations, with the first port call by a US Navy ship in 2003 signalling a further

step towards normalisation. Under President Obama, the two countries established a Comprehensive Partnership in 2013 that covers a wide range of areas ranging from education to climate policy, including maritime security. Although this is only the third-highest level in Vietnam's diplomatic hierarchy, it laid the foundation for deeper cooperation. In 2015, Nguyen Phu Trong became the first General Secretary of the Communist Party of Vietnam to visit the US.[4] By 2016, mutual trust had grown sufficiently for President Obama to lift the long-standing US arms embargo on Vietnam.

Benefiting from the rivalry of others

As in many other contexts, Donald Trump's first presidency also marked a turning point in US–Vietnam relations. In retrospect, Vietnam emerged as one of the winners of this period, which was shaped largely by tensions between China and the US. Bilateral trade surged from around 52 billion US dollars in 2016 to more than 112 billion US dollars in 2021,[5] while the US trade deficit widened steadily: US exports stagnated at about 11 billion US dollars, while Vietnamese exports soared. This boom greatly expanded the range of Vietnam's manufacturing industries. When Trump withdrew from the long-prepared Trans-Pacific Partnership shortly after taking office, Hanoi expressed disappointment but quickly threw its weight behind the alternative without the US. The 2017 APEC summit in Da Nang paved the way for the signing of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership in Chile in 2018. Negotiations with the European Union also bore fruit: The EU–Vietnam Free Trade Agreement was signed in 2019 and entered into force in August 2020, becoming the EU's second free-trade agreement in Southeast Asia after that of Singapore.

Relations between Hanoi and Washington reached their highest point under President Joe Biden when the two countries established a Comprehensive Strategic Partnership in 2023. The move followed visits by then-US Defence Secretary Lloyd Austin and Vice President Kamala Harris as well as a strong presence of US defence companies at Vietnam's first international arms fair in December 2022.[6] This new level of diplomatic relations reflected not only growing economic interdependence, but also deepening trust in security and defence matters. At the same time, this diplomatic upgrade also reflected Vietnam's now-well-known "bamboo diplomacy".[7] Having already established comprehensive strategic partnerships – the highest level of its diplomatic framework – with China (2008), Russia (2012), and India (2016), Hanoi dramatically accelerated the pace of such agreements from 2022 onwards. South Korea joined the circle before the US, followed by Japan. Since then, Malaysia, Indonesia, and Singapore have been added as Southeast Asian partners, Australia and New Zealand as Indo-Pacific representatives, and France as the first European country. At the end of October 2025, the United Kingdom followed suit after General Secretary To Lam was received in London by Prime Minister Keir Starmer.

Major and regional powers recognise Vietnam's role as an economic engine and political stabiliser.

This careful balancing act reflects Hanoi's determination to reduce dependencies and anchor its claim to neutrality. At the same time, the growing number of comprehensive strategic partnerships indicates that both major and regional powers have a strong interest in close relations with Hanoi while recognising Vietnam's role as an economic engine and political stabiliser in Southeast Asia. This is particularly true of the US, which – in upgrading relations – skipped the intermediate stage of a "strategic partnership" altogether. Vietnam's growing diplomatic weight was clearly visible in a series of high-level visits: Between 2023 and 2024, the country achieved the unique distinction of welcoming Presidents Biden, Putin, and Xi for state visits within just nine months.

Vietnam's place in Trump's tariff universe

In order to understand Vietnam's position in the Trump 2.0 trade policy, it helps to recall how the country benefited during Trump's first term. While he used tariffs as a political weapon during this time, Trump's measures were directed primarily at China. As a result, many Chinese and international companies shifted production elsewhere, and Vietnam stood out with its low labour costs and stable conditions. Buoyed by Trump-era trade dynamics, Vietnam increased its share of US imports – especially in mobile phones and other electronic goods – from 4.6 to 15.5 per cent between 2018 and 2022. By contrast, China's share in the same category fell from 63 to 48 per cent.[8] Diplomatically, too, Hanoi gained visibility during Trump's first term. In February 2019, the Vietnamese capital hosted the second summit between Trump and North Korean leader Kim Jong Un. Although the meeting yielded no tangible results and ended early, it underlined Vietnam's image as an independent, stable, and reliable actor.

The shock over Trump's 46 per cent tariff was considerable.

Because Trump's first term had coincided with a period of economic progress, his re-election in 2024 was met with far greater optimism in Vietnam than in Europe. By then, the US had become a key export market – the backbone of Vietnam's industry – while China remained an essential supplier of raw materials and components. In order to achieve its goal of becoming an industrialised, high-income nation by 2045, the Communist Party must not only sustain this export-driven momentum, but also climb further up the value chain. The country depends heavily on investment that brings technical know-how and that enables complex, value-added manufacturing processes, which are essential when it comes to boosting GDP beyond a certain threshold and to avoiding the so-called middle-income trap.[9] One notable example is Nvidia's 250 million dollar investment in Vietnam's emerging semiconductor supply industry.[10] This and other investments coincided

An important pillar of US-Vietnamese relations: 50 years after the end of the Vietnam War, mines and unexploded ordnance are still being cleared — as in Quang Binh. US support for such projects has been crucial in recent decades for building trust between the two countries.
Photo: © Anadolu Agency, Imago.

with the strengthening of relations between Hanoi and Washington and followed closely on the upgrade to a comprehensive strategic partnership in 2023.

The shock was all the greater when on 2 April 2025, Donald Trump imposed a "reciprocal" tariff of 46 per cent on Vietnamese goods.[11] Although Vietnam had already begun easing trade barriers with the US ahead of Liberation Day, the country suddenly found itself near the top of Trump's new tariff hierarchy – harder hit than almost any other ASEAN state except Laos (48 per cent) and Cambodia (49 per cent), both of which are far less economically intertwined with the US. Just two days after the announcement, General Secretary of the Communist Party of Vietnam To Lam spoke to Donald Trump by phone. Lam's swift response and assurance that Vietnam would introduce further trade concessions for the US signalled how keen Hanoi was to reach an agreement. The call – which Trump

praised on Truth Social[12] – also underscored Vietnam's determination to assert its own interests confidently and to avoid falling behind its competitors. In early April, ASEAN finance ministers had been scheduled to hold consultations on the region's economic outlook. However, instead of taking the opportunity under Malaysia's chairmanship to coordinate a joint stance on Washington, Vietnam's leadership seemed intent on securing the best-possible terms for a bilateral deal with the US.

In early July – immediately after the expiration of the 90-day grace period during which a 10 per cent rate applied – Vietnam became the third country after the United Kingdom and China to reach an agreement with the US. Instead of the threatened tariff of 46 per cent, which would have had a disastrous impact, Vietnam now faced a reduced tariff of 20 per cent.[13] Although negotiators and business leaders in Vietnam had reportedly hoped for a better outcome,[14] the new agreement served an important purpose: In terms of regional competitiveness, the country emerged largely unscathed. However, the US government reserved the right to impose a higher duty of 40 per cent on so-called transhipped goods, which have traditionally been defined as products that are imported into Vietnam, relabelled, and then re-exported. Observers of US trade policy, however, expect Washington to broaden the definition of transhipped exports to include goods subject to stricter rules of origin – meaning that products whose main components

Bamboo diplomacy: Vietnam signed a comprehensive strategic partnership with Russia in 2012 and has recently entered into similar partnerships with a variety of other countries. Russian President Vladimir Putin and his Vietnamese counterpart Luong Cuong met in September 2025 for a bilateral meeting in Beijing.
Photo: © Zuma Press, Imago.

come from a third country could also be affected, even if the final processing and assembly take place in the exporting nation.[15] For Vietnam, this creates two clear imperatives. First, the country must continue moving up the value chain from basic assembly to a broader manufacturing base for components. Second, it needs to reduce its dependence on the US as a consumer market. To that end, Prime Minister Pham Minh Chinh announced in September that Vietnam would conclude new trade agreements with Mercosur and the Gulf Cooperation Council by the end of the year.[16]

When transactionalism falls short

Beyond trade policy, two developments have stood out during the first months of Trump's second term. The first concerns Trump's transactional approach to foreign policy, which he has pursued even more aggressively since January 2025 than during his first presidency. The second lies outside formal foreign policy and relates to the President's personal and business interests.

The Trump administration's decision to scale back the US Agency for International Development (USAID) has undermined several programmes in Vietnam aimed at addressing the lingering consequences of the war. For decades, projects designed to clear mines and unexploded ordnance had been a cornerstone of bilateral relations, playing a vital role in rebuilding trust between Hanoi and Washington during the early years of diplomatic engagement. One particularly significant initiative was a programme designed to remove dioxin contamination at the former US airbase in Bien Hoa. It was from this base – located near the metropolis of Saigon (now known as Ho Chi Minh City) – that the US military transhipped much of the Agent Orange it used during the war. In total, more than 40 million litres were sprayed across Vietnam, with the devastating long-term effects on people and the environment still being felt today. It was therefore a step of immense importance when in 2019, the US government pledged to work with Vietnam's Ministry of Defence on a 430 million US dollar project designed to decontaminate the site through a complex and lasting remediation process.[17]

The drama surrounding the Bien Hoa episode reflected ignorance and indifference on the part of the Trump administration.

When all USAID contracts were abruptly terminated on 24 January 2025, work at Bien Hoa came to a standstill. The project was not about defusing bombs one by one, but about excavating and treating large quantities of contaminated soil through several processing stages. When the work was forced to stop, open treatment pools were only partially covered and were left exposed to wind and rain. Alarmed by the risk of pollution in the surrounding waterways and by the potential danger to local residents, US diplomats in Vietnam urged Washington to reconsider.[18] Vietnam chose not to publicise the incident widely, but on 13 February 2025, the Ministry of Foreign Affairs expressed concern about the suspension of remediation programmes, explicitly naming Bien Hoa.[19] In early March, the Trump administration relented and allowed work to resume. By September, the project had reached a milestone: After six years, the US Embassy handed over certificates to Vietnam's Ministry of Defence confirming the decontamination of six hectares of land – about half of the affected area.[20] It remains uncertain whether the project will continue.

The drama surrounding the Bien Hoa episode reflected – at best – ignorance and short-sightedness on the part of the decision-makers in Washington and – at worst – indifference. Moreover, it showed how a radical, purely transactional approach to advancing US interests can easily backfire. War remediation efforts have been vital to the two countries' relationship, and the Trump administration eventually recognised their

importance. However, the episode left avoidable diplomatic damage. A clear commitment by the US to all ongoing cleanup programmes in Vietnam would help rebuild trust.

The Trump family's private interests

Since Trump's return to office, world leaders have competed for his personal favour, often through extravagant gifts. Chancellor Merz presented the President with the birth certificate of Trump's German-born grandfather, Prime Minister Starmer produced a personal letter from King Charles in the Oval Office, and Qatar went as far as to offer a Boeing 747 worth 400 million US dollars. However, nothing – it seems – rivals the President's passion for golf. Two major projects by the Trump Organization developed with Vietnamese partners have therefore drawn particular attention.

Vietnam fast-tracked approvals for Trump's golf course.

The first such project is a large golf complex outside Hanoi. In mid-May 2025, Eric Trump – Donald Trump's second son and a senior executive in the Trump Organization – attended the groundbreaking ceremony alongside a host of prominent guests. He had signed the initial documents with a Vietnamese partner company in New York just eight months earlier, in September 2024, with his father present despite the busy campaign season. According to The New York Times, the normal approval process for a project of this scale should take two to four years.[21] However, the necessary permits were fast-tracked on the Vietnamese side, as Prime Minister Pham Minh Chinh later confirmed. Chinh's attendance at the ceremony clearly underlined the government's support for the project. From Hanoi, Eric Trump travelled straight to Ho Chi Minh City, where his company plans to build a 60-storey Trump Tower in the city's new financial district beginning in 2026.[22] With plans underway to transform Vietnam's largest city and economic centre into an integrated metropolitan region, this investment could not be more timely.

It remains unclear whether these Trump Organization projects have influenced bilateral relations. The White House has stated that ongoing trade talks during this period were unrelated to the family's business ventures. However, it is evident that Vietnam attached considerable importance to the golf development: At the groundbreaking ceremony in May, the prime minister stressed that the project would also serve to strengthen bilateral ties.

Outlook: A boom built on caution

Half a century after 1975, relations between Vietnam and the US have evolved in remarkable ways. The Vietnam War remains a shared trauma that has continued to shape generations on both sides to this day. All the more striking then is the privileged status of the partnership agreed on by President Biden and General Secretary Nguyen Phu Trong in 2023. This milestone was the result of decades of trust-building – from the *doi moi* economic reforms of 1986 and post-war rehabilitation efforts in the 1990s to the first port calls by US Navy ships in the early 2000s. Against this backdrop, the near-total termination of USAID programmes under Trump carried serious risks. The interruption of the Bien Hoa project struck at the foundation of mutual trust: Its resumption was therefore essential.

However, most crucial to rapprochement between the two countries has been economic integration, which has deepened as Vietnam's economy has expanded. This trend was accelerated further by the US–China trade war during Trump's first term. Over the coming two decades, Vietnam faces immense expectations and major challenges. In order to achieve its goal of joining the "club of industrial nations" by 2045, the nation will need to take bold and far-reaching decisions to reform and strengthen its economy. These decisions include the sweeping administrative reform launched by To Lam almost immediately after becoming General Secretary of the

Communist Party as well as vigorous efforts to promote the private sector. The rapid implementation of projects such as those initiated by the Trump Organization also reflects a firm political will to carry out major initiatives aligned with Vietnam's economic and strategic interests.

At the same time, Vietnam has shown remarkable skill in forging pragmatic partnerships and in minimising the risk of one-sided shocks. What stands out most is the nation's ability to generate strong reciprocal interest among a wide range of partners while maintaining balance and avoiding being drawn into geopolitical crosscurrents. Fully aware of its heavy dependence on the US for exports and investment, Hanoi placed a settlement of the tariff dispute at the top of its agenda, securing it swiftly through the use of considerable political capital. At the same time, Vietnam is wasting no time in strengthening its safety nets elsewhere. The country is determined to maintain rapid growth and to consolidate its position in the global economy as an indispensable production hub, including in high technology. A weakening of its economic ties with the US would be painful, but Vietnam intends to be as well prepared as possible. In Europe, France and the United Kingdom have recently laid the diplomatic groundwork for closer cooperation with Hanoi. Germany would do well to follow these countries' lead so as to avoid missing out on one of the most dynamic growth stories of the coming decades.

– translated from German –

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Return to Strategic Ambiguity

US–Taiwan Relations under Trump 2.0

TSMC CEO C. C. Wei & Donald Trump. Photo: © ABACA Press, Imago.

In a Nutshell

Under Donald Trump's second term, relations between the US and Taiwan have returned to strategic ambiguity. While Trump's first administration was marked by deepened security and economic cooperation, his current policy places stronger emphasis on self-reliance and burden-sharing. Taiwan is increasingly urged to raise its defence spending in order to secure Washington's continued support.

These demands coincide with growing domestic polarisation. Tensions between the Democratic Progressive Party and the opposition, Kuomintang, hinder consistent defence planning, while delays in US arms deliveries amplify doubts about Washington's reliability.

At the same time, new economic dependencies are emerging. Trump's protectionist trade policies and the relocation of semiconductor and energy investments to the US heighten Taiwan's vulnerability. Dependence on US food imports also continues to grow.

In order to strengthen its resilience, Taiwan should diversify its external relations. Closer cooperation with Europe in defence technology, renewable energy, and capacity-building could help reduce structural dependencies and enhance long-term stability.

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Taiwan – a self-ruled archipelagic democracy that the Chinese Communist Party claims as its own despite never having controlled it – has developed longstanding and deep ties with the US and relies on Washington for international legitimacy, arms procurement, and diplomatic backing. A rare example of bipartisan unity, US–Taiwan relations have enjoyed strong support from Republicans and Democrats alike, as illustrated by the close cooperation under the first Trump administration and by the unprecedented expansion of military and security exchanges under the Biden administration. Nevertheless, Trump's coercive diplomacy approach during his second term raises critical questions about the sustainability of US–Taiwan ties. As Washington "oscillates between isolationism and imperial overreach",[1] to what extent will it maintain its deterrence efforts in order to preserve precarious peace around Taiwan?

Donald J. Trump's attitude towards Taiwan appears to have evolved between his first and second terms in office. In his first term, Trump shifted US–Taiwan policy towards greater operational regularity and visibility. Washington unbundled and normalised the arms sales pipeline, approving record-setting packages totalling roughly 18.3 billion US dollars[2] paired with expanded senior-level exchanges and new cooperation in areas such as cyber and energy. Moreover, the US Navy publicised and routinised its transits through the Taiwan Strait, while the 2020 Economic Prosperity Partnership Dialogue[3] created an additional channel for economic and technological coordination.[4]

In his second term, however, voices from the "restrainers" camp have gained further traction within the administration.[5] The emerging line prioritises Taiwan's own defence preparedness over commitments to overt US military intervention in the event of a contingency, with Taiwan arguing that the risks of direct great-power confrontation would outweigh the potential benefits. This recalibration has been accompanied by sharper rhetoric about allied burden-sharing, with Trump pegging Taiwan as a freeloader that treats the US "no different than an insurance company",[6] which has triggered public reassurances from Taipei that it neither expects rescue nor shirks responsibility.[7] Most recently, reports that Trump paused a tranche of US military assistance to Taiwan in order to prepare the ground for a potential trade arrangement with China further underscored his administration's transactional outlook,[8] even if arms sales to Taipei might still be booming. While Biden's pronouncements of security guarantees indubitably shifted the discourse on Taiwan towards strategic clarity, the second Trump administration marks a return to strategic ambiguity.

Consequently, Taiwan finds itself in the midst of a multi-level crisis in which the nation is forced to put its resilience, deterrence ability, and international legitimacy to the test. Domestically, the inability of the two major parties to forge effective legislative-executive relations has exacerbated political polarisation and has affected Taipei's ability to adopt appropriate budgetary expansions for defence-related items. These domestic cleavages were on display during the 2025 Great Recall Movement – a campaign aiming to recall opposition Kuomintang (KMT) legislators, accusing them of being too close to China and thus of undermining Taiwan's democracy. In the cross-strait context, China continues to escalate its belligerence against Taiwan through several sub-threshold, grey-zone tactics, including the militarisation of its coast guard, sorties into Taiwan's Air Defence

Identification Zone (ADIZ), and interference with the archipelagic democracy's critical maritime infrastructure.

Taipei relies heavily on US arms sales to bolster security given diplomatic constraints with other providers.

Last but not least, in the increasingly global system defined by material power and interests rather than by normative appeals, Taiwan needs to reevaluate its strategy of quasi-diplomatic engagements, which has rested on the notion of "like-mindedness" and the pursuit of shared values. The uncertainty in Taipei's dealings with Washington governed by Trump 2.0 may further exacerbate the gravity of these interlinked issues.

Pressure on Taiwan's defence spending: "NATO-Style" burden-sharing

Under Trump's renewed leadership, US officials have openly criticised Taiwan for not spending enough on its own defence. In March 2025, Trump's nominee for a top Pentagon policy post, Elbridge Colby – now the Under Secretary of War for Policy – admonished Taipei for investing "well below" three per cent of GDP on defence and presented an unprecedented call for a fourfold spending increase.[9] Importantly, this demand represents not only a conceptual shift in burden sharing but also the commercial interests of the US, as Taipei relies almost exclusively on US arms sales to bolster its security capabilities, given its diplomatic constraints with other providers.

Due to the gravity of Trump 2.0's calls for increased defence spending, Taipei has responded by pledging budget hikes. President Lai Ching-Te announced a goal of exceeding 3 per cent of GDP for defence in 2025, and the government now plans to reach 3.32 per cent of GDP by 2026 – the first time this figure will have risen above 3 per cent in over a decade – with a long-term horizon of increases of up to 5 per cent by 2030.[10] However, even these increased figures fall short of Washington's expectations. Such parsimony has alarmed US policymakers, who insist that the US cannot show more urgency over Taiwan's defence than the nation itself can do. Indeed, Colby told Congress he was "profoundly disturbed" by indications that Taiwan might trim defence spending,[11] while a former Trump adviser bluntly stated that if Taiwan appears unwilling to bear the burden of its own security, it risks being seen in Washington as a "liability rather than an asset".[12] This dynamic – with US security guarantees becoming conditional on Taiwan's effort – marks a significant shift.

Domestic politics and defence budget allocations

Domestic political factors also complicate Taipei's calculus underpinning its current approach to Washington. In 2024 – the global "super year" of elections – citizens of both Taiwan and the US headed to the polls. In the Asian democracy, the Democratic Progressive Party (DPP) witnessed an unprecedented, third-consecutive victory in the presidential elections. At the same time, the party lost its majority in the Legislative Yuan (parliament), requiring – thus-far hardly successful – cohabitation between the DPP-controlled executive branch and an informal coalition of the KMT and the Taiwan People's Party (TPP) in the unicameral parliament.

One of the significant points of contention between the two parties has been the national budget: The KMT-controlled legislature passed the 2025 budget with unprecedented slashes and freezes in almost all policy areas. The DPP's defence priorities – that is, domestic submarines and civil defence programmes – were also a conspicuous target. Prominent members of the KMT openly questioned the feasibility of the submarine programme, justifying funding freezes as safeguards for ensuring successful sea acceptance tests.

KMT legislators also questioned the sustainability of increasing the defence budget at the expense

of other policy areas that are also important for the nation's overall resilience, thereby mirroring the "guns vs butter" arguments frequently raised in Europe in light of the ongoing full-scale invasion in Ukraine. In fact, the withdrawal of US support for Ukraine in early 2025 further fuelled the opposition's scepticism about what they viewed as an excessive reliance on the US for national security. "Didn't Ukraine show determination? And hasn't it now been ruthlessly abandoned?"[13] asked KMT legislator and then-Foreign Affairs and National Defence Committee co-convener Kin Cyang rhetorically.

In August 2025, the Legislative Yuan passed a special provision permitting the executive to draft a special budget for defence procurement in response to China's military activities around Taiwan. The procurement of necessary materials should take place domestically in order to provide an additional boost to the nation's economy amid tariff pressure from Trump 2.0. Nevertheless, the initial efforts by the informal KMT–TPP coalition to withhold allocations for defence programmes demonstrate crucial vulnerabilities both to the nation's defence posture stemming from polarisation along partisan fault lines and to the politicisation of security and defence expenditures.

Washington prioritises preparing for a massive invasion or missile onslaught.

Asymmetric defence: Converging goals, diverging visions

Beyond defence spending, another key component of bargaining in US–Taiwan defence ties is the allocation of resources to particular procurement projects. Both Taipei and Washington rhetorically agree that Taiwan should adopt an asymmetric defence posture. This "porcupine"

Controversial priorities: Despite a joint US-Taiwan commitment to an asymmetric defence strategy, Taipei continues to invest in traditional, high-cost systems – such as the F-16 fighter jets, which consumed around 70 per cent of the 2019 defence budget. Photo: © NurPhoto, Imago.

In order to maintain its security relationship with the United States, pressure is mounting on Taiwan's high-tech industry. Semiconductor manufacturer TSMC has pledged investments worth 165 billion US dollars for facilities in Arizona. Photo: © Pond5 Images, Imago.

strategy emphasises small, mobile, cost-effective weapons for deterring the much-larger People's Liberation Army. In practice, however, the two sides have not always seen eye to eye on what asymmetric defence means in terms of procurement priorities.

The US tends to define an optimal asymmetric arsenal as one that is heavy in anti-ship and anti-air missiles, sea mines, coastal defence craft, drones, and cyber capabilities – that is, systems that can inflict maximum pain on an invader at minimal cost.[14] US officials have grown frustrated when Taiwan instead spends lavishly on traditional big-ticket platforms. For example, Taiwan's 2019 decision to buy new F-16 jets devoured 70 per cent of that year's defence budget on a single platform – a move viewed in Washington as inefficient given Taiwan's more urgent needs for survivable air defences and missile batteries.[15] More recently, Taipei sought to purchase advanced E-2D Hawkeye early-warning aircraft and anti-submarine helicopters only to have the US side quietly nix the request as incompatible with Taiwan's need for asymmetric capabilities.[16] Such US refusals to sell specific high-end systems reflect a belief that Taiwan should invest in greater quantities of smaller weapons rather than in a handful of expensive assets that the PLA might destroy early in a conventional conflict.

This divergence in the operationalisation of "asymmetric capabilities" for Taiwan exposes

a fundamental gap between US and Taiwanese threat perceptions. Washington prioritises preparing for a massive invasion or missile onslaught, envisioning asymmetric systems as the most optimal way to deny China a quick victory. While Taiwanese defence planners acknowledge the threat of conventional kinetic confrontation amid an effort towards a physical confrontation, they prioritise preparedness to respond to "grey-zone" coercion, which they face on a daily basis. This coercion includes constant PLA air and naval encroachments as well as other manifestations of sub-threshold pressures. Consequently, many in Taiwan fear that an exclusive reliance on asymmetric weapons (such as missiles without an air force or mini missile boats without larger vessels) could leave the nation unable to respond to these peacetime incursions or to maintain control of its airspace and seas.

Even staunch advocates of asymmetry in Taiwan concede that abandoning traditional fighters and warships might forfeit the "baseline" capabilities needed to handle a range of contingencies. On the one hand, their argument may highlight the need for Taiwan's military to maintain some modern fighters, ships, and tanks in order to prevent ceding the initiative to Beijing in scenarios short of a full invasion. On the other hand, this narrative may point to institutional inertia at play: Indeed, generations of Taiwanese officers have been trained to operate traditional platforms, and a sudden shift to unorthodox asymmetric concepts raises fears of obsolescence within the services.[17] These factors help explain why – despite embracing asymmetric principles on paper – Taiwan continues to buy a mix of symmetric capabilities (e.g. F-16Vs, indigenous submarines, advanced missiles) – a hedging approach that sometimes frustrates US advisors.

The main lesson for Taiwan here is that it may need to hasten the modernisation of the military in order to "fall in line" with expectations of the Trump 2.0 administration. While the aforementioned commercial interests will continue to play an important role in US–Taiwan defence ties, Washington clearly cares not only about dollars spent, but also about the way in which they are spent. The 2025 Quadrennial Defence Review stipulates that the procurement of equipment necessary for bolstering asymmetric capabilities will constitute a priority.[18] However, it remains to be seen whether Taipei will be able to effectively converge with the Trump 2.0 administration on the direction of its military modernisation.

In June 2025, undelivered US arms sales to Taiwan stood at roughly 21.5 billion US dollars.

Delayed arms deliveries: The logistical limitation of trust

Even as Taiwan boosts its defence budgets and orders new weapons, a less-discussed limitation threatens to undercut its military readiness: namely chronic delays in the delivery of US arms. In June 2025, the value of undelivered US arms sales to Taiwan stood at roughly 21.5 billion US dollars – a backlog built up primarily from deals approved during Trump's first term.[19] Should Washington and the US defence industry remain impotent in fixing their systemic delivery problems, Taiwan may find itself forced to face China with outdated equipment – such as World War II-era artillery – simply because new replacements have not arrived.

These delays carry serious strategic costs, which can be measured in both monetary and reputational terms. Firstly, they hinder force modernisation, leaving key capability gaps unfilled despite the high value of this procurement. They also erode political trust and momentum in Taiwan's defence investments. Taiwanese lawmakers have grown wary of approving large budgets when the weapons paid for may not show up on time. Indeed, US arms sales that had experienced delays were also an essential object of budgetary freezes that the Legislative Yuan imposed at the beginning of 2025. The logic is to hold the funds in escrow until there is proof of progress in deliveries – a clear sign of frustration over the tardiness of US suppliers.

The absence of promised arms is undermining taxpayers' faith in the value of defence budgets, thereby making it more difficult for legislators to justify such allocations – and crucially also increases therein – before their constituents. This creates a vicious cycle: Late deliveries slow Taiwan's military buildup, and the disappointment in turn makes the nation's parliament more scrutinising before authorising purchases. Breaking this cycle will require concerted action in Washington. Accelerating production lines, prioritising Taiwan in export queues, or even drawing from US stockpiles (as was partially done with Stingers under Biden through the Presidential Drawdown Authority[20]) could help whittle down the backlog. If the Trump administration can make a visible dent in the remaining backlog during its second term, this would bolster Taiwan's near-term readiness and also reassure the Taiwanese public that the US is a reliable security partner. Conversely, continued delays – caused by either bureaucratic inertia or new conflicts that divert supplies – would be a severe blow to Taiwan's defence preparations at the worst time.

Economic and non-traditional security dimension of US–Taiwan ties

Uncertainty in US–Taiwan ties extends beyond defence. Trump's assault on the global free trade regime – notably by imposing a 20 per cent tariff on imports from Taiwan, which is higher than the 15 per cent rates secured by allies such as Japan and South Korea – is straining Taiwan's economy. At the same time, Trump's transactional approach to security has seen him demand that Taipei "pay up" for protection. This *quid pro quo* dynamic risks creating new dependencies that exacerbate Taiwan's vulnerabilities in non-traditional security domains such as economic security and food security.

The silicon shield

A core economic cost of maintaining close security ties with the US has been heavy pressure on Taiwan's flagship high-tech industry to shift critical production stateside and to invest big in America. Trump has openly accused Taiwan of having "stolen" the US semiconductor industry and pushed for tariffs on Taiwanese chips – moves that reportedly contributed to the Taiwan Semiconductor Manufacturing Co.'s (TSMC) announcement of a 100 billion US dollar chip fab investment plan in Arizona.[21] Indeed, TSMC has now committed around 165 billion US dollars for new facilities in Arizona, although it insists that the bulk of its advanced production will remain in Taiwan. Washington's demands go even further, with US officials having floated a "50-50" split in chip production that Taipei flatly rejected as exploitative and as undermining Taiwan's vaunted silicon shield.[22]

Taiwan's reliance on imports leaves it highly vulnerable to maritime blockades and supply disruptions.

These pressures have sparked domestic backlash. Opposition figures warn that diverting such massive resources overseas could hollow out Taiwan's technological base. KMT as well as TPP lawmakers blasted the 50-50 proposal, with KMT's legislator Hsu Yu-Chen calling it an "act of exploitation and plunder".[23] With key semiconductor assets controlled by the US, Taiwanese firms have limited capacity to resist external pressure, which urges these firms to reduce their reliance on the US market in order to avoid strategic vulnerabilities. In short, while bolstering defence cooperation with Washington, Taiwan is paying an economic price by sacrificing elements of its tech primacy and facing internal disputes over how to balance security imperatives with the integrity of its silicon shield.

Energy security

Taiwan imports roughly 98 per cent of its fuel supply and has minimal strategic stockpiles, with currently only about 12 days' worth of natural gas reserves on its main island. This heavy import dependence means the island is acutely susceptible to a maritime blockade and a supply

shock.[24] Simulations consistently show that in a crisis that would lead Taiwan to deplete its scarce natural gas supplies, societal resilience would be undermined, while continuity of the export-dependent manufacturing economy would be compromised.[25] This finding underlines energy as a potential Achilles' heel in any conflict scenario. And these risks have not gone unnoticed. Under the previous administration of President Tsai Ing-Wen, Taipei launched efforts to bolster reserves and diversify suppliers, aiming to expand liquefied natural gas (LNG) storage to cover over 20 days of usage by 2030. However, rather than simply helping Taiwan improve resilience, the Trump administration has leveraged Taiwan's insecurity in order to push US energy exports.

Washington is pressing Taipei to significantly boost imports of American LNG, particularly from the ambitious new Alaska LNG project that Trump champions. In March, Taiwan's state-run CPC Corporation signed a non-binding letter of intent to purchase six million tonnes of LNG annually from Alaska and to invest in associated infrastructure.[26] President Lai Ching-Te has framed these purchases as necessary in order to "ensure the island's energy security", even pledging to "massively ramp up" US energy imports as part of reducing Taiwan's bilateral trade surplus. However, this growing reliance on US LNG creates a new form of strategic dependency[27] that ties Taiwan's energy fortunes to a single foreign source and a higher-cost project, thereby crowding out diversification to other suppliers while still leaving the nation exposed to any disruption of maritime supply lines. In essence, Trump's LNG diplomacy with Taiwan may strengthen bilateral ties on paper, but it does so by deepening Taiwan's dependence on imported fuel, while true resilience arguably requires the opposite: namely broadening energy sources, investing in renewables, and expanding stockpiles at home.

Agricultural deals and food security

Taiwan's geography and isolation mean that it must import a large share of its food, thereby exposing another vulnerability in a blockade scenario. According to the most recent data from the Ministry of Agriculture, the nation's food self-sufficiency rate by calories sank to barely 30 per cent in 2023. Moreover, nearly 40 per cent of its grains and oilseeds come from the US alone. Consequently, even a limited PRC naval blockade could rapidly choke off food supplies, thereby causing price spikes and shortages of staple commodities.

Taiwan should pursue diversification strategies – including deepening ties with Europe – in order to mitigate risk and enhance national resilience.

In September 2025, a large Taiwanese Agricultural Goodwill Mission toured US farm states and signed a series of procurement agreements. Taiwanese firms committed to buying ten billion US dollars' worth of American farm goods – including corn, soybeans, wheat, and beef – over the next four years. President Lai touted these purchases as a way to "enhance Taiwan's food security" by improving the feedstock supply for Taiwan's livestock industry.[28] While such arrangements might curry favour in Washington and alleviate trade imbalances, they run the risk of deepening Taiwan's overreliance on external food sources.

Opportunities for boosting Taiwan–Europe ties

As the costs and vulnerabilities of over-reliance on the US become increasingly clear, Taiwan's leaders should be turning to diversification strategies – including deepening ties with Europe – as essential tools for mitigating risk and enhancing national resilience in the face of geopolitical uncertainty.

Just as Taiwan mitigates risk by diversifying its ties, Europe too should bolster its engagements

with Taiwan through a strategy that respects Taiwan's agency as a standalone, like-minded democratic partner and that does not require constant transatlantic handholding. The following concrete steps could bolster Taiwan–Europe relations:

- Enhancing dual-use tech cooperation: The EU and its member states should pursue the joint development of dual-use technologies – such as unmanned aerial vehicles (UAVs) – with Taiwan in order to reinforce asymmetric defence capabilities. For instance, the EU could include Taiwan in its Readiness 2030[29] initiative, thereby enabling joint R&D and the procurement of unmanned systems. This would help Taiwan scale up its production of military drones while de-risking Europe's own supply chains by leveraging Taiwan's "non-red" tech base.

- Deepening renewable energy collaboration: Europe should expand partnerships with Taiwan in renewable energy in order to strengthen both sides' energy security. European investments already bolster Taiwan's energy transition. Indeed, Denmark's Ørsted is now the largest contributor to Taiwan's offshore wind capacity, and Sweden's Baseload Capital's projects will double Taiwan's geothermal output, thereby reducing reliance on imported fuels and enhancing Taiwan's energy resilience. Scaling up such joint efforts in offshore wind as well as in geothermal and other clean energy sectors would help hedge against supply shocks while advancing shared climate goals.

- Joining shared capacity-building initiatives: The EU and its member states should actively participate in Taiwan's international training frameworks in order to enable pragmatic exchanges on shared challenges. In particular, Europe can systematise its participation in workshops under the Global Cooperation and Training Framework (GCTF) – a platform for international capacity-building. Such engagement on issues ranging from public health to supply-chain resilience would enhance both sides' cooperation in safeguarding global public goods and would also affirm Taiwan's role as an equal partner in international problem-solving despite the limitations imposed by individual countries' formulations of their own one-China policies.

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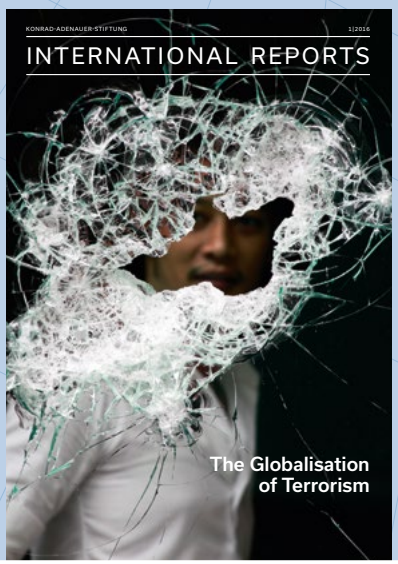

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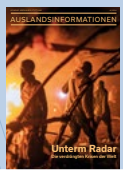

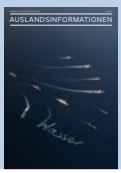

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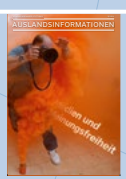

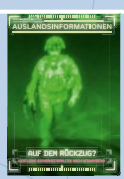

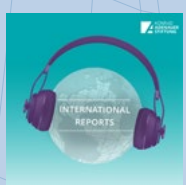

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From Preferential Trade to Tariffs

Exploring the Impact of Trump's Protectionism on African Markets

Photo: © Jürgen Schwenkenbecher, Imago

In a Nutshell

With the expiration of the African Growth and Opportunity Act (AGOA) in September 2025, decades of preferential trade relations between the US and African countries came to an end. Simultaneously, the US government intensified its protectionist trade policy by introducing universal tariffs of at least 10 per cent, with some African nations facing rates as high as 30 per cent. This marked a significant turning point for Africa–US trade relations.

Beginning in 2000, AGOA provided African states with duty-free access to the US market, thereby promoting export diversification and employment. However, the initiative yielded a mixed record with limited impact in terms of trade volume. This raises the question as to whether tariff exemptions alone are sufficient when it comes to enhancing Africa's trade relations with the rest of the world in a way that genuinely benefits the continent.

African governments are pursuing market diversification and strengthening intra-African cooperation through the African Continental Free Trade Area. In the long term, opportunities will arise for closer partnerships with the EU and China, though risks of new dependencies remain. European engagement could be crucial in ensuring fair and sustainable trade relations.

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With President Donald Trump's second inauguration, US trade policy has shifted decisively. The administration has introduced protectionist measures, including a universal minimum tariff of ten per cent on all US trading partners as of 2 April 2025.[1] Several countries in Southern Africa, as well as Libya and Algeria, are confronted with even steeper tariffs of up to 30 per cent. Beginning in 2000, the US granted several sub-Saharan countries duty-free access for certain products to the US market under the African Growth and Opportunity Act (AGOA). Over the years, countries were suspended or reinstated based on governance criteria, and eligibility shifted, with 32 beneficiaries remaining in 2024.[2] AGOA expired on 30 September 2025, and the future of preferential trade relations between the US and African states remains unclear. The endpoint of the AGOA trade era carries significant implications for Africa's export-driven industries.[3]

Trade relations between Africa and the United States: An overview

In 2024, African exports under AGOA to the US totaled 9,7 billion US dollars. Over the past 25 years, crude oil made up the bulk of AGOA exports but decreased steadily from more than 80 per cent in 2008 to around 45 per cent in 2024. During the same time, apparel and agriculture exports grew steadily from 3 per cent to 13 per cent and 2 per cent to 11 per cent respectively.[4] Through the tariffs that the US introduced in 2025, duty- and quota-free access to the US market that AGOA had guaranteed for sub-Saharan African countries was no longer valid. Exporters were forced either to pay US tariffs or to seek alternative markets for their products. Some exports of AGOA-eligible countries can be redirected to the EU; however, overall exports are projected to decline by up to 1.1 per cent. Although this reduction appears limited on a regional scale, a country-level analysis reveals a more precise outlook. For example, Nigeria's exports to the US have dropped by 17 per cent, and Chad's by 11 per cent.[5] Infant sectors are particularly at risk, facing potential layoffs or even collapse due to their inability to compete under the new tariff regime.[6]

From tariff-free AGOA to hasty tariff negotiations

For the development outlook of African economies, AGOA created accessible markets for exporters and is estimated to have created between 300,000 and 400,000 direct jobs in sub-Saharan Africa. In AGOA-eligible countries, the act led to a higher trade volume as well as to export diversification between sub-Saharan Africa and the US.

Export diversification is an important target for low-income countries in sub-Saharan Africa because it helps countries reduce economic risks, stabilise growth, and build resilience by expanding into multiple export sectors instead of relying on just a few. Notably, AGOA-eligible countries exported more apparel products to the US than did their non-eligible counterparts, thereby underscoring the positive impact of enhanced market access on export diversification.[7]

Beyond economic benefits, AGOA was also intended as a tool for promoting good governance

and human rights in sub-Saharan Africa. By linking preferential trade to progress in these areas, the programme incentivised political freedom and anti-corruption efforts, thereby contributing to more robust and sustainable economic systems.[8] Other actors – including the European Union – have also introduced strategies, such as Global Gateway to achieve the United Nations Sustainable Development Goals through targeted investments. Like AGOA, emphasis of such strategies lies in promoting better governance, human rights, and higher environmental, social, and governance standards, such as energy efficiency, labour practices, and anti-corruption policies.[9]

Only 13 of 39 eligible countries made full use of AGOA benefits in 2019.

AGOA's legacy lies in demonstrating that preferential access and a targeted industrial policy can lead to viable African manufacturing and export growth. The scheme resulted in job creation and also diversified exports, attracted investment, and strengthened trade governance, thereby laying the foundation for strategic global partnerships.[10] Throughout AGOA's existence, the US consistently enforced eligibility criteria related to governance and human rights. Countries such as Uganda, Ethiopia, Cameroon, and Mauritania were suspended from the programme for violations in these areas. This strict approach underscores the US commitment to linking preferential trade access with progress in governance and human rights, thereby setting AGOA apart from other trade agreements.

However, the utilisation of AGOA is widely agreed to have remained limited. AGOA offered duty-free access to over 6,500 products, but many countries failed to fully utilise these preferences. Indeed, only 13 of 39 eligible countries made full use of AGOA benefits in 2019, with the bulk of exports being dominated by a few countries such as Nigeria and Angola, largely in oil.[11] This finding reveals that market access is not enough and needs to be accompanied by targeted support for exporting countries. It is noteworthy that foreign ownership of AGOA-related enterprises often focuses on low production costs rather than on long-term development. It is therefore important that future initiatives to enhance trade relations focus on local entrepreneurship and inclusive growth in order to ensure the transfer of skills and technology as well as to prevent employment opportunities from being limited to low-wage sectors with limited value addition per unit. Consequently, the desired structural transformation of African economies has not materialised to the anticipated extent.[12]

As much as the outcome of the AGOA programme is difficult to summarise and must be viewed in a country- and sector-specific context, it is equally difficult to anticipate the post-AGOA outlook for affected countries, with the WTO even suggesting that the end of AGOA will not have a major impact on African trade.[13] Some analysts have even suggested that countries that were not previously part of AGOA – such as The Gambia and Mauritania – could now gain a competitive advantage because they are not subject to the same adjustment pressures as former AGOA beneficiaries.[14]

It is additionally noteworthy that the expiration of AGOA was not a direct result of the Trump administration's policies. Unlike the Economic Partnership Agreements (EPAs), AGOA was always intended as a temporary measure. Initially set for 15 years, it was extended in 2015 for an additional decade with the understanding that a further extension was unlikely.[15] The underutilisation of AGOA was known as early as in 2015, paired with the call for African leaders to work on trade strategies in the post-AGOA period after 2025.[16] However, these calls went largely unheeded, and efforts to address the impending gap were mostly limited to diplomatic initiatives in Washington that aimed to secure a bilateral extension.

Context of the tariffs beyond AGOA

On 2 April 2025, US President Donald Trump invoked the International Emergency Economic

Powers Act (IEEPA), marking the largest increase in US tariffs since 1930. According to the administration, the primary objectives were to incentivise US consumers to buy domestically produced goods, to increase tax revenues from imported products, and to stimulate domestic investment.[17] By substituting federal income taxes with import duties, the so-called reciprocal tariffs now apply to as much as 86 per cent of US imports, thereby affecting all trading partners without exception, including sub-Saharan countries that had previously benefitted from the AGOA free-trade agreement.

The announcement of the new US tariff regime triggered immediate reactions on global financial markets, thereby leading to the establishment of a 90-day renegotiation period during which countries can attempt to negotiate lower tariff rates.[18] Each US trading partner is now subject to an individualised tariff rate, with the baseline set at ten per cent. However, several African countries are facing much steeper tariffs, thereby highlighting the uneven impact of the new US trade policy.

Finished products are subject to significantly higher tariffs, while raw materials and critical minerals are often exempt.

Miners work in a coltan mine in Rubaya, DR Congo. A silent war is raging in the highlands of Masisi over this strategically important mineral. In return for military support, the US receives access to minerals worth up to 24 trillion US dollars. Photo: © Xinhua, Imago.

Strategic exemptions: Finished vs raw materials

The structure of the new US tariffs draws a clear distinction between finished and raw materials. Finished products are subject to significantly higher tariffs, while raw materials and critical minerals are often exempt. This approach is designed to ensure continued US access to Africa's natural resources, but it simultaneously restricts African countries' ability to move up the value chain by exporting higher-value processed goods. As a result, opportunities for wealth creation and job growth through value-added exports are severely limited.

This situation is apparent, for example, in Lesotho – a country that relies heavily on manufacturing exports to the US. In the past, Lesotho benefited largely from AGOA, which helped increase the value of its exports of mostly finished products to the US to a value of up to 237 million US dollars. During the 90-day renegotiation period, Lesotho faced a 50 per cent tariff rate. Although negotiations were able to settle the high tariff rate at 15 per cent, consequences can still be felt. Indeed, many manufacturing exporters are now considering minimising their staff or relocating their production abroad.[19] As the tariffs specifically target finished apparel products, the growth of the expanding garment industry that Lesotho – like several other African countries – has been pushing for in the past years has had to be delayed. Simultaneously, lower rates on yarns and fabrics have been maintained, which is further motivation for Lesotho's garment exporters to move back to exporting unprocessed products.[20]

Apart from the garment industry in Lesotho, on an Africa-wide basis, certain critical minerals and raw materials – such as oil – have been entirely exempt from the tariffs, thereby demonstrating a continued imbalance, positioning the continent primarily as a supplier of cheap raw materials rather than as a host for growth potential or innovative strategies.[21] Although the emphasis on raw material trade is largely detrimental to African countries, policymakers in sub-Saharan Africa have continued to support such trade agreements, thereby highlighting both the limited capacity for more advanced industrial and trade strategies and the inability to take strategic advantage of the persistent US demand to secure access to these resources.

The Democratic Republic of the Congo exemplifies the strategic importance of Africa's mineral resources in the current trade landscape. Discussions of a minerals deal between the US and the DR Congo emerged in early 2025. In return for military support to fight the rebel groups that control the mines, the US receives access to critical minerals worth up to 24 trillion US dollars. Many experts argue that this partnership benefits solely the US in its new America First agenda[22] by providing the US with a reliable supply of essential resources while offering limited long-term benefits to the DR Congo. By gaining access to these critical minerals, the US can maintain its long-contested influence over African countries and their minerals. The deal is also in line with the US geopolitical strategy of counterbalancing China's growing influence over the continent.[23] The significance of this approach was further highlighted by a bilateral agreement reached in late September between the US and Rwanda, which exempts exports of raw materials such as gold, tungsten, uranium, and graphite from tariffs. This move is intended to reduce US dependency on China for these vital minerals, thereby reinforcing the pattern of favouring raw material imports over finished goods from African countries.

South Africa aims to diversify its exports and to identify alternative markets.

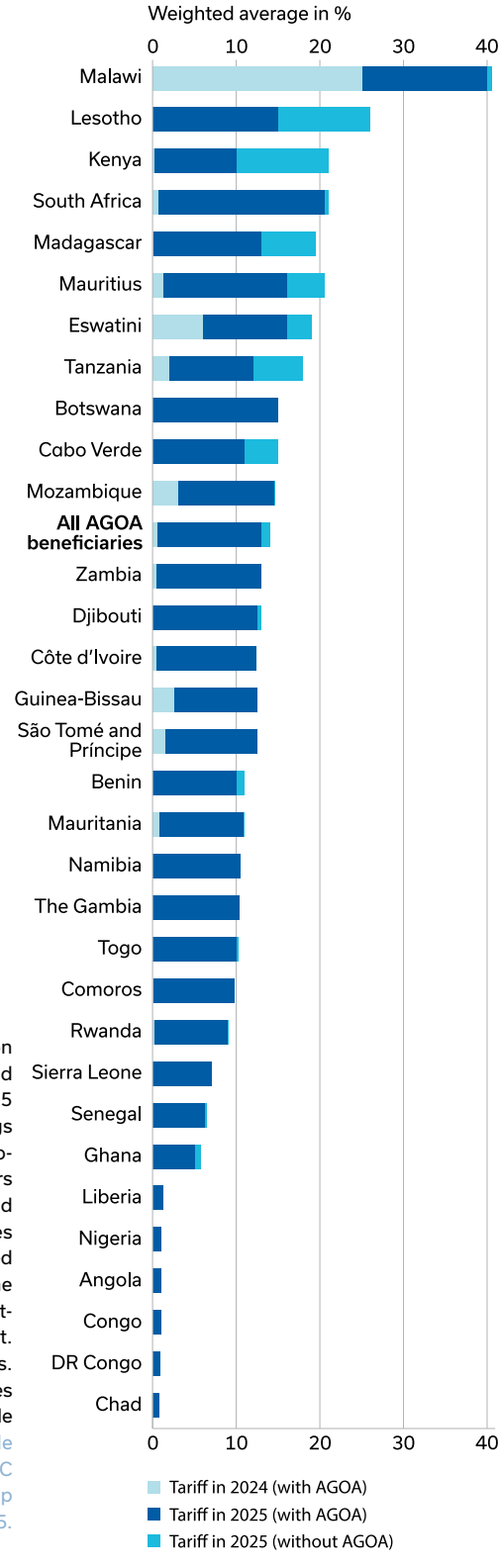
Tariffs as a tool for exerting political influence

It could be argued that the tariff rates are also determined by the relationship that the US has with the individual country on a governmental level. This situation is evident in the case of South

Africa, where the 30 per cent tariffs imposed on all exports from South Africa to the US market appear to have been motivated by more than just an unsustainable trade imbalance and the unfair barriers to US goods cited by the US government. Instead, these tariffs seem to also reflect US foreign policy retaliation, most notably South Africa's submission to the International Court of Justice alleging that Israel's conduct in the Gaza Strip violated the country's obligations under the Genocide Convention. As Israel is a key US ally, Washington declared this to be an unacceptable, unjustified aggression against Israel, warning that South Africa's foreign policy was not aligned with US national security interests. Following this declaration, the US cut multiple sources of foreign aid funding to South Africa.[24] Regarding South Africa's domestic policy, including the recent adoption of a law that allows for expropriation without compensation, the US claims that such policies create "unwritten barriers" for US firms.[25]

According to a statement released by South Africa's Department of Trade, Industry and Competition, the government's response to the deterioration of trade relations with the US is based on several elements, including continued negotiations with the US with the goal of reducing tariffs. Beyond its relations with the United

Fig. 1: Average tariffs faced by AGOA beneficiaries on the US market



The bar chart illustrates the average tariffs imposed on exports from AGOA beneficiary countries to the United States under three scenarios: in 2024 with AGOA, in 2025 with AGOA, and in 2025 without AGOA. The findings underscore the extent to which the tariff increases introduced in 2025 elevate duties across countries and sectors as well as how the expiration of AGOA has further altered relative competitiveness. Across all AGOA beneficiaries and sectors, the 2025 tariff measures added an estimated 12 to 14 percentage points to average duties, while the lapse of AGOA has contributed a further 0.7 to 1 percentage point, bringing the total to around 14 to 17 per cent. Trade-weighted tariffs are based on 2024 US import values. Weighting by the reference group's trade pattern reduces endogeneity bias and makes results more comparable across countries. Source: illustration based on ITC Trade Briefs (tradebriefs.intracen.org), using data from the ITC Trade Map (trademap.org) and the Market Access Map (macmap.org) 2025.

South African President Ramaphosa and US President Trump at a bilateral meeting in the Oval Office, May 2025. In August 2025, Trump announced 30 per cent tariffs on South African exports, possibly in response to South Africa's general foreign and domestic policies. Photo: © Zuma Press, Imago.

States, the South African government aims to diversify its exports and to identify alternative markets. All government efforts are set out in the economic response package for exporting companies.[26] Thus far, the export support desk has supported 23 companies and engaged with 54 exporters that have been affected by the unilateral tariff imposed by the US.[27]

What is next?

The end of AGOA and the onset of a more protectionist form of US trade policy has left African countries at a crossroads, requiring them to reassess their export strategies and seek new avenues for economic growth. Possible options lie in the African Continental Free Trade Area (AfCFTA) as well as in enhancing trade partnerships with third parties such as the EU and China. Although the AfCFTA is still in the early stages of implementation, the intracontinental agreement represents an opportunity to protect African economies from external vulnerabilities.[28] Under the AfCFTA, there is an opportunity to identify near-term alternative buyers (i.e. the EU, the UK, the Middle East, and regional markets) and to work with export promotion agencies in order to open sales leads, fast-track approvals, and utilise e-commerce channels. Such channels could include the use of export finance via the national Export Credit Agencies in Africa. In addition, the current trade environment in Africa provides opportunities for institutions such as the African Development Bank and the African Export-Import Bank to offer buyer credit or guarantees that would make African suppliers' prices competitive while tariffs are being implemented. Thus far, 47 of 54 countries have ratified the free trade agreement to eliminate 90 per cent of intra-African tariffs. This serves as a great opportunity for inward-facing growth whereby each country can domestically work to serve the continent's

growing demand, thereby simultaneously reducing its large import quantities. However, negotiations continue to represent a significant obstacle, while tariff and trading systems remain stagnant in terms of achieving complete implementation. Compounding these challenges are barriers linked to logistical capacity and infrastructural weaknesses, that continue to slow progress. Once these barriers are overcome, regional value chains have the potential to foster more resilient African economies.[29]

Another option lies in enhancing trade partnerships with China. As of June 2025, China has announced that it will remove all tariffs on the 53 African countries with which it has diplomatic relations. This would give African economies the opportunity to diverge their exports towards Chinese markets instead of to the US. In fact, trade quantities have been picking up rapidly over the past years. In 2024, trade between China and Africa increased by 6.1 per cent compared to the previous year. However, the trade that has been facilitated thus far has been concentrated around a limited number of African countries.[30] Moreover, the products exported to China mainly include raw materials and low-value goods, whereas imports are mainly processed and manufactured products. This imbalance is creating a growing trade deficit for sub-Saharan African countries with China, raising concerns regarding the sustainability of this trade partnership.[31] Furthermore, Sub-Saharan African countries are simultaneously required to provide greater access to their markets, which can undermine local industries, especially in textiles, electronics, and consumer goods. The heavy reliance on China for trade and investment may also reduce Africa's bargaining power and autonomy internationally.

Finally, the current trade environment presents a strategic opportunity for the European Union to strengthen its economic ties with sub-Saharan Africa. The EU has launched several initiatives – such as the Sustainable Investment Facilitation Agreement as well as Clean Trade and Investment Partnerships – that could serve as meaningful alternatives for African exporters seeking to reduce their reliance on the US market. These initiatives are designed not only to facilitate trade, but also to promote sustainable development, good governance, and higher environmental and social standards.

In March 2025, the European Union launched the Clean Trade and Investment Partnership (CTIP) with South Africa, which focusses on a clean energy transition, digital and physical infrastructure, pharmaceutical manufacturing, and skills and technology development. The CTIP is supported by a 4.7 billion euro investment under the EU's global gateway initiative.[32] This is a good example of a targeted bilateral trade agreement.

The EU's tariff structure – which generally offers preferential access to African goods through schemes such as Everything But Arms and EPAs – can play a significant role in supporting the economic development of African states. By lowering or eliminating tariffs on a wide range of products, the EU helps African countries integrate into global value chains and encourages the export of higher-value goods. However, in order to fully realise these benefits, African economies must also address non-tariff barriers and invest in domestic capacity-building.

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When All Concerns Are Trumped

The Impact of US Policy on Global Health

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In a Nutshell

The second term of US President Trump has profoundly reshaped the global health architecture. With the dissolution of USAID and the withdrawal of the US from the WHO, key funding sources for programmes targeting malaria, polio, HIV/AIDS, and other diseases have disappeared. Organisations such as the WHO, UNAIDS, and the Global Fund have since faced severe budget shortfalls that international solidarity and philanthropic contributions can only partially offset.

The past few decades have seen enormous progress in the field of global health. Nevertheless, many countries still suffer from national governance deficits, and many local elites remain insufficiently aware of the importance of functioning healthcare systems, not least for economic competitiveness. Thus, the short-term loss of American aid threatens to undo past successes.

Germany and other European nations are seeking to close the gap but are facing financial constraints. China is using the situation to expand its health diplomacy without fully matching the scale of US assistance.

The international community must develop new financing models and more resilient multilateral structures. Global health remains both a moral imperative and a cornerstone of international stability.

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For most UN agencies, funds, and programmes, the US has been the largest contributor to date in terms of both mandatory and voluntary contributions. Until 2025, 22 per cent of the UN budget had been financed by mandatory contributions from the US. Taking voluntary contributions into account, this share amounted to 27 per cent in 2023.[1] Although the UN leadership had been preparing for worst-case scenarios and agencies such as the UN Population Fund (UNFPA) and the United Nations Relief and Works Agency for Palestine Refugees (UNRWA) were fully aware of impending funding cuts by the Trump administration,[2] no one anticipated the complete abolition of the United States Agency for International Development (USAID), the freezing of development cooperation funds, or the cancellation of congressionally approved budgets.

In the first six weeks of Trump's second term, 83 per cent of USAID programmes and 5,200 USAID contracts were terminated. Despite desperate attempts at stopping the eradication of international cooperation and its institutions in US courts, it quickly became clear that USAID's achievements over the past decades would be undone in a very short time.[3]

In the 2023 fiscal year, health was still the second-largest area of US foreign assistance (22.3 per cent), while 27 per cent of this assistance went to economic development.[4] According to a recent Lancet study, initiatives supported by USAID over two decades have helped prevent more than 91 million deaths across all age groups, including 30 million among children. USAID funding contributed to a 65 per cent decline in mortality from HIV/AIDS, to a 51 per cent decline in mortality from malaria, and to a 50 per cent decline in mortality from neglected tropical diseases.[5]

With the loss of US support, Tedros Ghebreyesus – the Director General of the World Health Organisation (WHO) – predicted 15 million additional malaria cases and 107,000 additional deaths by March 2025, which would undo the progress made over the past 15 years in eradicating Malaria.[6]

Withdrawal from the WHO, and defunding global health initiatives

During the COVID-19 pandemic and President Trump's first administration, the WHO became the target of Trump's criticism, and the President initiated his country's withdrawal. During his second term, the US withdrew from the WHO again on 20 January 2025 with immediate effect even though a one-year notice period is normally required. The administration froze all US funding, rescinded the adoption of the International Health Regulations' (IHR) amendments passed at the World Health Assembly (WHA) in 2024, and pulled the US out of pandemic agreement negotiations.[7]

According to the latest available data (2023), the US government was the largest contributor to the WHO, accounting for 25.18 per cent of mandatory and voluntary contributions to the overall budget.[8] However, the loss of funding is only one aspect of the withdrawal. The denied access to expertise, data, and technology has also exacerbated the situation for the WHO. The global campaign to eradicate polio has been particularly negatively affected. The decision to withdraw from the WHO also ended the involvement of the US Centers for Disease Control (CDC) in the Global Polio Eradication Initiative.[9] Access to the CDC's global specialised poliovirus laboratory – a central hub for poliovirus testing, genomic sequencing, and polio outbreak detection – was

blocked. The CDC-funded staff in polio-endemic countries – such as Afghanistan and Pakistan – had to be withdrawn. Similarly, surveillance and community engagement work in polio-affected countries had to be scaled back due to cancelled USAID funding.[10]

The number of measles cases is increasing in Europe, Canada, and the US.

All this comes at a time when renewed polio outbreaks are being reported from French Guiana, Guinea, Indonesia, Somalia, Sudan, Yemen, and the Gaza strip and when vaccination campaigns are becoming increasingly difficult in conflict-ridden countries.[11]

The termination of US funding for the Global Measles and Rubella Laboratory Network – which serves to combat both diseases – threatens the network's existence because it was previously 100 per cent funded by the CDC. This termination coincides with surges in measles outbreaks in Europe, Canada, and the US.[12] According to a WHO report from November 2024,[13] measles cases rose by 20 per cent in 2023. Outbreaks are now occurring more frequently and are becoming increasingly difficult to control, especially when vaccination rates fall below 95 per cent. Early detection is crucial but fails without adequate laboratory capacities.[14]

In order to save the network of more than 700 laboratories in 164 countries, the WHO Foundation[15] is currently attempting to raise 3.6 million US dollars, with the philanthropic Elma Vaccines and Immunization Foundation already contributing 2 million. However, this amount is far from sufficient because a total of 9 million US dollars is needed, and it is clear that philanthropic organisations cannot fill the funding gap exacerbated by the US withdrawal from global health initiatives.[16]

Impact on the global health architecture

The WHO

During the 78th WHA in May 2025, WHO member states not only jointly adopted the pandemic agreement without the US, but also approved an additional 20 per cent increase in WHO contributions. In the past, these mandatory contributions to the WHO budget had been astonishingly low, accounting for only 16 per cent of the total budget. Most of the WHO budget had been based on voluntary and often earmarked contributions. Thanks to Germany's leadership in the process, member states agreed in 2022 to gradually raise these contributions to 50 per cent by 2030, thereby giving the WHO greater planning security and flexibility.[17]

Adapting to the new realities of the loss of US financing, the WHO has had to reduce its budget planning for the 2026 to 2027 biennium various times, scaling back from 5.3 billion to 4.2 billion US dollars. However, a funding gap of 1.7 billion still remains for 2026.[18]

WHO Director General Tedros Ghebreyesus seized the moment of the WHA in May 2025 and – even before UN Secretary General António Guterres convened the directors of UN organisations in Copenhagen for a crisis meeting – initiated a structural reform of the WHO that addressed the high proportion of staff at its headquarters (2,938 WHO staff members in Geneva vs 9,452 worldwide). As a signal to donors, staff retrenchments began at the top, thereby resulting in a reduction in the Director General's leadership team from twelve to five Assistant Director Generals, with 35 of the previous 65 directors remaining. A further 600 positions are to be cut in addition to the 409 employees who have already left the WHO since the beginning of 2025. However, performance-based personnel decisions were quickly denounced by some as retaliatory measures and vendettas, thereby further complicating the process.[19] In addition to staff reductions, the WHO – like other UN agencies – is beginning to relocate to less expensive areas, such as Lyon (WHO Academy), Berlin

(WHO Global Hub for Pandemic and Epidemic Intelligence), Dubai (WHO Global Logistics Hub), and India (WHO Global Traditional Medicine Centre). For the WHO's Director General, the necessary structural adjustments are also an attempt to refocus the WHO on its core mandate: health for all.

For more than two decades, the US had been a steadfast leader in the global AIDS response.

UNAIDS and PEPFAR

Up to 2024, HIV/AIDS infections and related mortalities had been on the decline. After the epidemic's peak of approximately 3.3 million new infections per year between 1995 and 1997, only 1.3 million new infections had been reported by 2024, representing a 60.61 per cent decrease over nearly three decades. Mortality also decreased by 71.36 per cent over around twenty years, falling from 2.2 million between 2004 and 2005 to 630,000 in 2024. Awareness-raising programmes and community outreach with the aim of combatting stigma in addition to – most importantly – the development of life-saving therapies and preventive medications lie at the core of this success.[20] With the defunding of development assistance, UNAIDS lost almost 80 per cent of its funding for project-related expenses that once went to community outreach, the monitoring of infection rates, and the "Stigma Index". UNAIDS faces not only the loss of its own operational funding, but also uncertainties around the new operational realities of the US President's Emergency Plan for AIDS Relief (PEPFAR)[21] – another key pillar in the fight against HIV/AIDS.

For more than two decades, the US had been a steadfast leader in the global AIDS response

On 20 January 2025, President Trump signed an executive order entitled 'Withdrawal of the United States from the World Health Organisation', which initiated the process of terminating WHO membership.
Photo: © MediaPunch, Imago.

through PEPFAR – the Global Fund to Fight AIDS, Tuberculosis (TB), and Malaria – and through its support to UNAIDS. PEPFAR has been estimated to have saved more than 26 million lives and to have prevented almost 5 million new HIV infections in 55 countries.[22]

The international community showed exceptional solidarity with Gavi.

The freezing of the PEPFAR funds overnight led to the loss of jobs for health workers as well as to the closure of health facilities, to disrupted treatments, and to limited testing and prevention services. Currently, UNAIDS estimates that if HIV programmes supported by PEPFAR are permanently discontinued, this would lead to an additional 6.6 million new HIV infections and to an additional 4.2 million AIDS-related deaths between 2025 and 2029.[23]

After months of uncertainty whether PEPFAR would be continued at all and on which level, out of a sudden it has been lauded as a flagship of the new America first global health strategy launched in September 2025. However, the complete redirection of PEPFAR support away from NGOs to governments, and the cut out of technical support and monitoring programmes leaves many questions. But without doubt, PEPFAR will be used as a leverage on recipients in the sense of America First.

Gavi and the Global Fund

The Global Fund to fight Malaria, HIV/AIDS, and TB – which received 1.65 billion US dollars from PEPFAR in 2024 for its HIV/AIDS programmes and a total of about one-third of its funding for its activities from the US – also had to adapt to the new circumstances. In the current 2024 to 2026 funding cycle, the Global Fund has already had to cut back on allocated money by 1.43 billion US dollars (i.e. 11 per cent of its budget). This leaves the current seventh funding cycle of the Global Fund with a financing shortfall of 2.3 billion US dollars, and it appears that contributions from private and philanthropic foundations will be insufficient to bridge this gap. The vast majority of the over 100 countries in which the Global Fund is active will experience funding cuts of ten per cent. Countries such as South Africa – where sufficient national resources could be mobilised – will face a 16 per cent reduction to their Global Fund allocations.[24] However, the 8th replenishment summit of the Global Fund, strategically hosted at the margins of the G20 summit in South Africa on 21 November, brought a positive surprise from the US. Although not even mentioned in the draft budget submitted to Congress, the US pledged 4.6 billion US dollars and maintained its pledging ratio in which for every 1 US dollar contributed, the Global Fund must secure 2 US dollars from other donors.

Since the Global Fund was established in 2002, the number of deaths caused by Malaria has fallen by 29 per cent, even as the population in the countries that the Global Fund supports has grown by 43 per cent. However, climate change, conflicts, resistance to insecticides, and a lack of funding are expected to jeopardise this fragile progress in some of the worst-affected areas.[25]

The Global Alliance for Vaccines and Immunization (Gavi) is also trying to mobilise funding for its current replenishment cycle and is pledging a goal of 11.9 billion US dollars. With headwinds out of Washington, Gavi even postponed its Global High-Level Summit – originally planned for March 2025 – to the end of June 2025. It certainly came as no surprise that the US withdrew its support and that the pre-recorded speech by US Health and Human Services Secretary Robert F. Kennedy, Jr. turned into a harsh rebuke of Gavi in which Kennedy questioned vaccine safety and announced that the US would only re-engage with Gavi when the latter had "re-earned the public trust".[26]

However, the international community showed exceptional solidarity with Gavi, pledging more than 9 billion US dollars for the next five-year strategic period (2026–2030). The Gates Foundation

contributed an additional 1.6 billion, and Indonesia – a former recipient of Gavi support – contributed 13 million.

Nevertheless, challenges remain for Gavi. Reaching the 2030 vaccine target of 90 per cent coverage for diphtheria–tetanus–pertussis, measles, and pneumococcal vaccines is becoming increasingly difficult. Thus far, only 18 of 204 countries have met this target. In order to reach vaccination targets, community engagement, trust-building, and tailored, culturally appropriate strategies for improving confidence in vaccines are needed. These are all areas in which funding is becoming scarce due to cutbacks in overall development assistance.

Loss of US leadership in global health research and development

For decades, the US government has invested in biomedical innovations, in developing new vaccines, in innovative treatments, and in breakthrough health technologies. These innovations have saved and improved the lives of millions in the US and around the world. Since 1999, 67 new health technologies for neglected and emerging diseases have been approved, including 12 new products for Ebola, 11 for Malaria, and 12 for TB, with resistant strains of TB currently spreading at an alarming rate. Beyond its positive health impact, these investments have brought substantial economic benefits to the US economy. Between 2007 and 2022, at least 86 per cent of all funding that the US government directed to global health R&D was reinvested in American companies and institutions. This investment has created an estimated 600,000 new American jobs, has spurred 104 billion US dollars in direct economic activity, and has yielded scientific knowledge that serves as a source of inspiration for further innovations.[27]

The newly created government efficiency agency DOGE and the "Make America Healthy Again" (MAHA) approach have brought drastic changes not only for the CDC, but also for the National Institute of Health (NIH) and the Food and Drug Administration (FDA). Federal funding has been withdrawn from ongoing research, public data have been wiped, and thousands of jobs have been terminated, including those of CDC executives. Thus far, the CDC has lost about one-quarter of its staff, or approximately 3,000 employees. Moreover, the FDA has had to lay off around 3,500 employees, and the NIH has lost 1,200 jobs.[28]

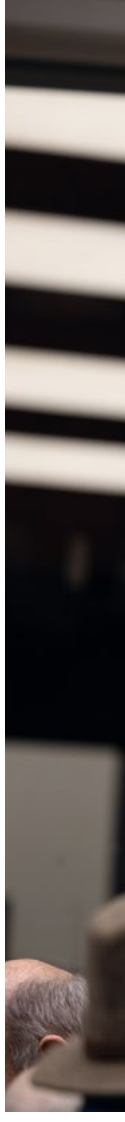
In the field of global health, the international community faces the reversal of three decades of unprecedented progress.

Once a leading actor in global health, the US has not only left a large void, but also become a source of misinformation. Although the US had been key in the negotiations for updated IHR passed at the WHA in 2024, both US Health Secretary Robert F. Kennedy, Jr. and US Secretary of State Marco Rubio incorrectly claimed that IHR amendments "significantly expanded the World Health Organization's (WHO) authority over international public health responses [... and] have undue influence on [the US's] domestic health responses".[29] However, neither the IHR nor the newly negotiated pandemic agreement – which the US refuses to sign – interfere with the sovereign decision-making processes of any country in combating epidemics or pandemics.

How to close the financial gap

In global health, the international community is now facing the reversal of three decades of unprecedented progress. The dramatic reduction in US foreign assistance coincides with general funding cuts in development cooperation by other donors. Traditional donors such as the United Kingdom have reduced their foreign assistance budget by 40 per cent in 2025.[30]

When the US announced its withdrawal from the WHO, China pledged an additional 500 million US dollars in funding for the organisation and agreed to increase its contributions by 20 per



Uncertain future: In early 2025, people protested in New York against cuts to public health and essential services. PEPFAR, a US aid programme to combat HIV/AIDS, was also affected. While it now seems certain that the programme will continue, its operational framework remains unclear. Photo: © NurPhoto, Imago.

cent. This means that China's contributions to the WHO will reach the previous level of US contributions.[31] However, China generally has little interest in replacing US foreign aid. Chinese foreign assistance totalled 3.46 billion US dollars in 2024,[32] which did not even come close to the 63.3 billion of US official development assistance (ODA).[33] Moreover, 85 per cent of China's development finance is granted as debt (market-based loans and export credits) rather than as aid.[34] Confronted at home with rising criticism that money is being needlessly spent abroad, China might nevertheless double down on the already-established "Health Silk Road" and its own health diplomacy channels.[35] In any case, the Chinese government will seize the opportunity to present itself as being on a moral high-ground and as the more reliable partner for developing countries.

From the African continent, there have been increasing calls to view the crisis as an opportunity to reform the global health architecture and beyond. During the UN General Assembly in September 2025, Ghanaian President Mahama launched the Accra Reset Initiative, which – in addition to a committee of heads of state and government from Africa, Asia, and Latin

America – also provides for a high-level advisory committee consisting of health and finance experts and representatives of the private sector. This initiative aims to redefine the existing relationships between donor and recipient countries and to shape these relationships around mutual accountability and responsibilities. During the autumn meeting of the IMF and the World Bank, head of Africa CDC Jean Kaseya went even further and questioned the entire development policy approach, arguing that to date, 60 per cent of the support provided for health systems in developing countries had been ineffective due to a lack of governance structures and coordination. However, he failed to answer the resulting question as to what responsibilities the ruling elites in the recipient countries bear in this regard because in his view, the lack of good governance also rests with them.

Irrespective of these recent calls for new approaches, donors and developing countries alike are looking to Germany when it comes to global health. Germany has long stood as a global leader not only in public health, but also in terms of shaping international cooperation on health through platforms such as the G7 and the G20. Germany has additionally developed into a hub for global health initiatives.[36] With the withdrawal of the US, Germany has taken on a new leadership role in global health. Although Germany's engagement in key organisations of the global health ecosystem (e.g. Gavi, the Global Fund, the Pandemic Fund) is unmatched, this engagement cannot stand alone. Indeed, it must be accompanied by bilateral development assistance that addresses deficits in national health sectors as well as the socioeconomic and environmental factors that influence health. Phasing out bilateral health projects at a time when partner countries are being confronted with the financial constraints of a polycrisis is tantamount to putting the cart before the horse. Multilateral initiatives require sound national health institutions and implementing capacities by state and non-state actors down to the local level.

National governments in developing countries must acknowledge that health is not only a social good, but also a key element of productivity and economic growth. Global health should be viewed by donor countries not merely through the lens of solidarity and development assistance, but also as a matter of mutual interest and global interdependence. In an era of climate change, interconnected economies, and increased human mobility, diseases such as Cholera, Ebola, and Mpox cross borders easily, while tropical illnesses such as Malaria and Chikungunya are becoming more common in the Northern Hemisphere due to shifting weather patterns. Global health is as much a matter of human security as it is of economic security. Nothing has shown this more dramatically than the COVID-19 pandemic.

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Donald Trump embraces the American flag as he concludes his remarks at the Conservative Political Action Conference (CPAC) in February 2020.
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