

# An Attempt at Explaining Trump's Foreign Policy

by Antonia Colibasanu - February 7, 2025

U.S. President Donald Trump's second term has begun with a clear intent to reshape U.S. foreign policy. His aggressive use of tariffs against China – and the threat of tariffs against allies like Canada, Mexico and the European Union – is in some ways a strategic continuation of his first term in office, marked by using economic leverage to exact security and trade concessions. However, his newer projects, such as the annexation of Greenland and the reclamation of the Panama Canal, may reveal a broader strategic vision, one that could reshape trans-Atlantic relations.

On Feb. 1, Trump announced sweeping tariffs targeting Canada, Mexico and China, citing concerns over illegal immigration and drug trafficking. These measures included 25 percent tariffs on all Canadian and Mexican goods (with a reduced 10 percent tariff specifically on Canadian energy exports) and a 10 percent tariff on all Chinese imports. Following discussions with Canadian Prime Minister Justin Trudeau and Mexican President Claudia Sheinbaum, agreements were reached to delay the implementation of these duties for 30 days. Canada and Mexico committed to enhancing border security to address the issues raised by the U.S. (Debates continue over whether these commitments were already in place.) The tariffs on Chinese imports remained, and so, on Feb. 4, Beijing announced retaliatory tariffs of up to 15 percent on certain U.S. goods, effective Feb. 10, and implemented additional measures such as export restrictions on critical metals and an antitrust investigation into Google.

Trump's tariff strategy may soon expand to Europe. The president announced plans to impose tariffs on EU imports, specifically targeting the automotive sector, arguing that Europe had long "exploited" the United States. German automakers such as BMW, Volkswagen and Mercedes-Benz, which rely on the U.S. market for sales, now face economic uncertainty, with potential disruptions to global supply chains. The EU, led by European Commission President Ursula von der Leyen, has signaled a readiness for negotiations in an attempt to balance economic concerns with broader security partnerships.

To some degree, none of this is new. In his first term, Trump often used tariffs as a tool in trade negotiations, and just as often adjusted or reversed them after talks with foreign leaders. With China, for example, he imposed tariffs on hundreds of billions of dollars worth of goods only to later reduce some of them as part of the "phase one" trade deal in 2020. Similarly, in 2018, he imposed steel and

aluminum tariffs on Canada and the European Union but later granted exemptions after they pushed back. His renegotiation of NAFTA into the USMCA also involved months of tariff threats and last-minute concessions.

Meanwhile, other efforts hint that Trump has a more strategic goal in mind. His administration has reignited interest in Greenland, a territory he unsuccessfully tried to offer financial backing to in 2019, had it voted for independence from Denmark. Greenland is not only a strategic outpost controlling key North Atlantic and Arctic shipping lanes but also a land of untapped natural resources, including rare earth metals vital for technological and military applications. The Thule Air Base, the U.S. military's northernmost installation, already provides Washington with a strategic foothold in the Arctic, an area where both Russia and China are advancing their interests. But the Trump administration is considering expanding its military presence, possibly through new bases or increased cooperation with local authorities. Elsewhere, his controversial proposal to reclaim the Panama Canal underscores a broader shift toward reinforcing U.S. dominance over key global trade routes. His concerns stem from growing Chinese influence in Panama, particularly through infrastructure investments and port management, which Washington views as a strategic threat. Trump argues that the canal, historically controlled by the U.S. until its handover to Panama in 1999, remains vital to U.S. economic and security interests. By raising the prospect of reasserting control, he has signaled a willingness to challenge Chinese expansion in the Western Hemisphere.

Trump's recent moves suggest a fundamental evolution in U.S. strategy in which economic tools such as tariffs, trade restrictions and economic diplomacy could be once again wielded in tandem with military and security imperatives. This marks a return to an approach the U.S. employed during the Cold War, when Washington actively shaped the global system by combining economic influence with strategic power. Back then, Washington used classical liberalism as an ideological foundation for expanding its influence. It promoted deregulated markets, private enterprise and open trade, leveraging international institutions such as the International Monetary Fund, the World Bank and the General Agreement on Tariffs and Trade (later the World Trade Organization) to advance its interests.

But when the Cold War ended, the U.S. stepped back from its role as manager of the global system, assuming that globalization would naturally sustain itself. This laissez-faire approach led to a gradual unraveling of the system as new economic powers, particularly China, exploited it and built their influence by establishing their own economic frameworks (like the Belt and Road Initiative or the BRICS), and sometimes even using the platforms the U.S. once controlled (like the WTO). Over time, Washington found itself caught between two extremes of the global economy: overregulation in some

areas and unchecked laissez-faire policies in others, both of which contributed to systemic instability.

The precarity of the system became painfully clear through a series of crises, starting with the 2008 financial meltdown, which exposed the fragility of loose, over-globalized markets, and ending with the COVID-19 pandemic, which underscored the dangers of overly globalized, sometimes overregulated and poorly managed supply chains. A common response to these failures, including Trump's response, has been the implementation of protectionist measures. However, Trump has layered onto this protectionism a more active role in managing global economic and security structures. This is a pretty far cry from the economically liberal strategy of the Cold War.

At the heart of this strategy is the idea that economic strength enhances military power. For example, by imposing tariffs on the EU while demanding NATO members increase defense spending beyond the agreed-upon benchmark of 2 percent of gross domestic product, Trump is marrying economic and military obligations. Since the end of World War II, the U.S. has been the de facto leader of NATO; European security largely depended on U.S. military power. Now, Trump is demanding that European nations give him and the U.S. a reason to continue this protection by proving they are willing to share the burden of defense. However, bearing this burden may come at the cost of economic stability, a trade-off he appears ready and willing to negotiate. He seems to want to force European nations to weigh the cost of economic disruption against the price of maintaining U.S.-led security guarantees. In doing so, he is signaling that the U.S. has entered an unstable economic cycle – perhaps hoping that its European allies are willing to provide support in Washington's time of need, just as the U.S. has supported NATO in the past and continues to do so.

So far, Europe's response to Trump's policies has been cautious yet strategic. The EU is preparing for high-stakes negotiations to mitigate the impact of tariffs while strengthening its security coordination with NATO. European leaders recognize that while Trump's economic measures present risks, they cannot afford to alienate the U.S. given its pivotal role in European security.

The United Kingdom, meanwhile, finds itself in a unique position. Prime Minister Keir Starmer's attendance at a European Council meeting on Feb. 3 marked a significant moment in post-Brexit diplomacy. The U.K. is attempting to navigate a delicate balance between reinforcing ties with the EU and maintaining its historically strong relationship with Washington. Britain's role in NATO also makes it a key partner in trans-Atlantic defense discussions, especially as Trump pressures European allies to contribute more to military spending. (The U.K. has fought beside the U.S. in all its battles and dedicates more than 2.3 percent of its GDP to defense.)

It's no coincidence that the threat of tariffs comes ahead of the Munich Security Conference, scheduled to begin Feb. 14. Historically, the MSC has been a forum in which major policy shifts were announced – most notably in 2009, when then-Vice President Joe Biden used the conference to **push for NATO members to meet the 2 percent defense spending benchmark**. This year, the Trump administration is likely to use the MSC to reinforce its demand for increased European military commitments while justifying its aggressive economic posture. Vice President JD Vance is expected to outline the administration's security vision, emphasizing that economic penalties like tariffs will be used to ensure compliance with U.S. strategic interests.

For the EU, the MSC is an opportunity to push back diplomatically and secure a more stable trade and security arrangement with the United States. European leaders will likely seek exemptions from tariffs in exchange for greater security cooperation, potentially making concessions in areas such as Arctic security, relations with China, defense procurement and NATO restructuring. The U.K., leveraging its role as a trans-Atlantic bridge, may play a mediating role in these discussions.

Also likely to be discussed are Ukraine, the fate of Greenland and the Arctic Corridor. Ice melt is opening up new shipping routes that provide an alternative to traditional trade passages such as the Suez Canal. Controlling these Arctic routes is a major strategic objective for global powers, including the U.S., Russia and China. For Europe, losing strategic influence in the Arctic would threaten not only its economic interests but also its security. Ensuring access to this trade route is vital for Western European economic competitiveness (while Eastern Europe is still very much dependent on how Western Europe is doing). If the U.S. solidifies a hold over Greenland and extends its influence over Arctic navigation, the EU may find itself increasingly dependent on Washington's security guarantees while also being subjected to further economic pressure. The Greenland issue could therefore be another way for the U.S. to increase pressure on the Europeans to pay their share for NATO.

It should be noted, however, that the Arctic has traditionally been part of NATO's domain. In its recently published **Arctic strategy**, Canada stressed the importance of working together with the U.S. and NATO to secure the area. But China's growing involvement in Arctic infrastructure projects raises fears that the EU could be squeezed between U.S. military assertiveness and Chinese economic expansion.

Naturally, Russia is keen to develop the route. The war in Ukraine has accelerated Moscow's efforts to establish new trade corridors with China and Iran that could, in theory, counter America's (and the West's) dominance in the global economy. This is something the U.S. can't allow; Washington needs

to be in a position of strength against Russia and China, especially in light of current negotiations over Ukraine. This is also why it needs to ensure that Europe remains firmly aligned with its strategic objectives. Denmark appears to have grasped Washington's strategic intent, recently announcing a 2 billion euro (\$2.1 billion) investment in Arctic security and infrastructure. However, Denmark is not enough; the U.S. needs France, the U.K. and Germany on its side. Pushing European allies to increase defense spending and preparing them to shoulder more responsibility for Ukraine's security, should the need arise, could be an effective way to do it.

Trump's second term seems to have ushered in a foreign policy that tightly interlinks economic power with security. His aggressive use of tariffs, his renewed focus on Greenland and his controversial comments about reclaiming the Panama Canal all point to a doctrine that sees economic leverage as a tool for reinforcing military dominance.

For Europe, this presents a series of complex challenges. The EU will have to navigate political and economic tensions while ensuring security cooperation with the U.S. The U.K., seeking to maintain strong trans-Atlantic ties post-Brexit, faces similar pressures. Whether the EU and its allies succeed in these endeavors remains one of the defining geopolitical questions of the coming years.

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