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Conference Summary

Special Relationships in
Uncertain Times:
how can US allies best
prepare for outcomes of US
elections

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Conference Summary

EXECUTIVE SUMMARY

This conference considered the implications of the upcoming US presidential election for the policies of its allies on several global challenges. Participants noted that there was likely to be remarkable continuity on many issues on a strategic level as underlying US political dynamics had not changed particularly in Congress. The tactics and preferences of the two candidates would likely be different, however. While mainstream analysis suggests that Vice President Kamala Harris would maintain continuity with President Joe Biden's policies, participants noted that this was based on very little evidence. She has played her cards close to her chest on foreign policy in general, and differences in experiences and instincts between President Biden and Vice President Harris could lead to shifts in policy, most notably regarding Israel and Gaza.

In contrast, former President Donald Trump was viewed as a more predictable figure, despite his unconventional style, with a consistent set of interests: China, Iran, a preoccupation with the idea that the US is being taken for a ride by its allies (particularly those in Europe), and a sense that he can get deals done with autocrats such as Russian President Vladimir Putin and North Korean leader Kim Jong Un. Understanding that style and working with it would be important if he were to regain office. For example, we should take his occasionally outrageous policy statements as opening positions designed to create leverage in negotiations, rather than true statements of intent. Participants recognised that this transactional approach would require allies to navigate a landscape characterised by scepticism towards traditional alliances and to clearly understand what they could offer to align with a Trump administration's objectives. They also took seriously the possibility that a Trump administration would support an expansion of Israeli activity in the Middle East to include attacks on Iran's nuclear programme with US support.

Regardless of the election outcome, it was felt that allies could expect a prolonged period of challenges in their relations with the US. Anticipated contested election results could strain administrative capacity and limit attention to crucial foreign policy issues, complicating efforts for alliance-building. Particularly concerning is the situation in Ukraine, where participants observed that delays in US support could significantly weaken NATO and increase costs for European security. This would be existential for Ukraine, and the risk would be most profound under a Trump administration. In that eventuality, it would be key for allies to enhance their own support of Ukraine and to emphasise to the US that if an early negotiated settlement is sought, it would be best done so with leverage – expanding military aid and a Ukraine making inroads on the battlefield – increasing rather than reducing. Both candidates expect allies to take more responsibility for their own defence, and the conference emphasised the critical need for Europe to enhance its capabilities – both in response to the Russian threat, but also to address years of underinvestment and a growing capability and interoperability gap. There was concern that, while the Nordic and Baltic states had stepped up, several others had not. German attitudes and the failure of *Zeitenwende* were seen as particularly disappointing.

Both presidential candidates see China as a primary long-term challenge and are not likely to reverse the shift in US foreign policy focus to the Indo-Pacific. Allies may face increased pressure to align on advanced technology security, with differing tactics expected from Vice President Harris, who might favour cooperation and a defined set of technologies which should be protected (the “small yard,

high fence” approach), and former President Trump, who could lean towards confrontation, tariffs and possibly trade war. But even under Vice President Harris there would be a real question about how high the fence and how large the yard could become, and how sustainable divergence from the US position on China would be in the longer term. Most participants were sceptical that Europe could maintain that for long, but also noted that it would hurt US interests to be too uncompromising. Europe’s main problem was its economic weakness, particularly its productivity and growth, which greatly constrained its ability to make its own choices, and that needed to be addressed. In the meantime, it could either adopt its own protectionist measures and ultimately end up in a contest of industrial policy with its key security guarantor, to the benefit of neither, or Europe and the US could come to an accommodation. There was seen to be a real risk that progress on the green transition would be a casualty of this process, given the centrality of China to the supply chain, from critical minerals right through to design and production of green technologies, even under a Harris administration. Under former President Trump, we could expect climate leadership to vanish entirely.

Context and why this was important

In this election, two quite different visions for the US are in competition, and two starkly different candidates. However, some features of US politics and economy are likely to remain. We can expect a general inward turning, allied to a sense that the greatest challenges and opportunities overseas lie in the Indo-Pacific, an economy that is booming though unequal, an advanced technology sector that continues to accelerate away from that of its allies, and a global military capability that is second to none. But other paths the US might take could be quite different. Hardening US attitudes to China pose challenges for more exposed allies, which must weigh up economic needs against the importance of ties with Washington, but the different candidates might pressure allies differently. The potential for a US trade war with China looms, with all the global economic consequences that might bring. Alliances might be seen as transactional rather than co-operative, and influence on US policy would need to be sought and wielded differently with each candidate. US dynamism and subsidy programmes threaten the industry of their allies, to nobody’s advantage, but approaches to Washington in dealing with these issues will need to vary according to the occupant of the White House. And progress on climate action relies heavily on US leadership, which could not be expected under a Trump administration. No matter how fraught American politics might become, the US will remain everyone’s special relationship. Its global weight in economic, defence and cultural terms ensures that. But allies also need to consider what they can do between themselves, to consider what channels are available and what new fora might be necessary to cope with a fragmenting world where their interests are of decreasing importance to Washington.

People

This conference brought together current and former government officials with experience in economics, trade, national security, defence and diplomacy, as well as participants from the worlds of politics, journalism and academia. Participants were drawn from European and North American countries and a significant number had experience of working in or with the EU at a senior level.

FULL REPORT

The conference began by considering the positions, prospects and styles of the candidates for the US Presidency. At the time of the conference the election race was finely balanced, and picking a likely winner was impossible. Participants were clearly most concerned about the implications of a second Trump presidency, though, and discussions tended to return frequently to how various policy portfolios might be managed in that context. Like most candidates for a first term, Vice President Harris has said little that indicates how she might approach key foreign policy issues. It would be incautious to assume continuity with President Biden’s agenda and approach, even though that is

the default position of most analysts. Although their levers and constraints are the same, their circles, experiences and instincts are different. Participants speculated that this might lead to some divergence on Israel and Gaza, for example, and an end to the “bear hug” of President Biden.

In contrast, former President Trump was felt to be more of a known quantity: despite his erratic style and love of hyperbole, which some participants felt were more about creating leverage for subsequent dealmaking than a reflection of the strength of his feelings, his priorities and approach were felt to be relatively clear. This is not necessarily a positive for allies of the US, who, if he were elected, would have to deal once more with his scepticism of the value of alliance relationships at any level beyond the transactional. The dominant view amongst participants was that embracing this approach would be key: allies would need to understand clearly what they could offer on what a Trump White House wanted, what they wanted in return, and what space there would be for dealmaking. To some extent, this would be necessary for a Harris White House too: the political and economic inward turning of the US was seen as a broad trend, not a partisan one, with a widening gap in trade-to-GDP ratio allied to a rapidly growing economy; and participants felt there was a strong possibility that the Republican Party might control both the House of Representatives and the Senate even if Vice President Harris were elected, which would greatly constrain her latitude.

With either election outcome, allies could expect a prolonged period of difficulty in dealing with the US. Conference participants felt that the election results would almost certainly be contested, and, while there was no real concern that US institutions would be unable to weather that storm, this would put an additional strain on administration bandwidth. There would likely be limited attention devoted to a small number of priority issues, which one attendee described as “not a recipe for alliance building”. Those allies waiting for the US to take the lead on issues important to them might well be disappointed. Given that participants assessed that Ukraine is slowly losing a winnable war against Russian invasion, largely because support to Ukraine has been slow and heavily circumscribed, further delays might lead to a situation where NATO states must spend vastly more on securing the Western flank without Ukrainian assistance than they would have done supporting Ukraine to the extent that it can terminate the conflict on favourable terms.

When US leadership finally comes, participants expected that both candidates would expect more from allies on defence and deterrence – the difference between the two camps coming principally in the sharpness of the approach with allies that both view as taking insufficient responsibility for their own security. For the first time in more than a century, the US does not look primarily across the Atlantic in its foreign policy, but rather to the Indo-Pacific and China. While this no longer comes as a surprise, the consensus was that this has severe implications for how Europe should view the security guarantees it relies upon. Both Vice President Harris and former President Trump see China as the fundamental challenge to global and US security in the long term and will expect to see allies increasingly align with them on issues around advanced technology security and derisking. The real difference will be in tactics, with former President Trump’s talk of radical tariffs seen as intended to bring Beijing to the table and to shock allies into supporting him (and he would be impatient with allies who did not), while Vice President Harris was seen as likely to want to work co-operatively with allies and consider how the US is positioned in other markets. In contrast, approaches to the Middle East might differ strongly. While Vice President Harris might put more pressure on Israel, former President Trump was felt to be fixated on Iran, seeing it as the chief destabiliser in the region, and might be willing to work together with Israel in dismantling Iran’s nuclear programme by force.

For Ukraine, participants felt that the outcome of the election would be deeply important, even existential. If there is any cut or delay to US aid, as we might expect under a Trump presidency, it would be very difficult for other allies to compensate for that. A Harris presidency would not be smooth sailing either. The feeling that Europe should be doing more on defence and deterrence in general is bipartisan in Washington, and it will be challenging to get funding through Congress in an

environment where that is axiomatic, Ukraine is seen as losing, and there is no shared vision of what success looks like. But this could be a make-or-break moment for European security, NATO and the transatlantic alliance very soon after the election. Allies would need to make a case for continued support based on four pillars:

- Emphasising that if negotiation with Moscow is the goal, then maximum leverage will be secured by continuing or expanding support for Kyiv in the period while that happens.
- Communicating clearly that a poorly negotiated settlement would result in an unstable security system in Europe, with much greater costs and risks involved with either securing a weak and unstable “rump Ukraine” or an extremely long NATO-Russia border in the longer term.
- Highlighting, particularly to Congress, that the war in Ukraine has direct consequences for US priorities in the Indo-Pacific, because if President Putin were to win and thus gain freedom of action in Europe then this would allow Chinese President Xi Jinping to use the China-Russia alliance to dilute US power in the Pacific.
- Greatly expanding their own contributions to European defence and to the war in Ukraine, potentially including the use of the full value of frozen Russian assets to buy US equipment, a politically attractive proposition.

Conference participants observed that the EU and the US are fundamentally different in their perspectives on China in terms of strategic goals, exposure, freedom of action, military capacity and geography. One participant noted that “the EU doesn’t want to be a copilot in an American fighter jet aimed at Beijing, and nor should it be”, while another assessed that “the US is paranoid but united; the EU is anxious but divided”. Bipartisan consensus in Washington about the long-term implications of China’s rise, and the scale and pace of its military and nuclear build-up, drives what participants felt would be a rapidly intensifying set of political, economic and military measures through which the US would attempt to protect the status quo and co-opt allies into doing the same. For Europe, which wants to derisk and enhance economic security, while keeping China as a major export market and source of investment, the challenge will be to avoid a forced choice. The conference returned repeatedly to this point, emphasising the difficulties such a choice would involve, but noting also that the global approach to regulation was over and that wishing it were otherwise would not change the realities of shifting economic power and geopolitics that were driving the change.

There were questions over the long-term sustainability of divergence from the US on China for those who wanted to be in Washington’s economic and security sphere, but participants also noted that accelerating the Balkanisation of the global economic and regulatory system would play poorly with the Global South countries that the US (and the West more broadly) knows it needs to court. They do not want to choose, but if they were forced to they might well pick China. Beijing was seen as having been much more successful in becoming a partner for growth in many of these countries – it was just easier to deal with, moving faster with fewer regulatory and political strings attached. There would therefore be risks for the US and well as for its allies in forcing divergence. While the Biden administration’s “small yard, high fence” approach seeks to allow most trade and other economic activity with China to continue, while restricting activities related to a small set of critical technologies for national security reasons, most participants expected the “yard” of affected areas to expand and the “fence” of protective tools to get higher. A key question would be how far and how fast this goes, and what the knock-on effects of these controls would be in areas not directly targeted: in practical terms, private sector investment decisions would be influenced by assessments of potential future exposure, so trade outside the “fence” would also be affected. Uncertainty about future exposure would also cause difficulty for US allies in their own long-term economic planning.

For the middle portion of the conference, participants split into three working groups to discuss these issues in more detail. The groups considered issues around deterrence and defence, the geopolitics of climate change and green technologies, and approaches to building global economic security and prosperity.

Deterrence and defence: maintaining transatlantic security in an Indo-Pacific age

The group's discussions considered the state of deterrence in various theatres, the connections between those theatres and how they might be exploited by adversaries, and the overall health of alliances (particularly NATO). The group broadly agreed that allied capability to deter had been dealt a hammer blow by equivocation in the face of Russia's aggression in Ukraine. While support has been truly substantial, it is dwarfed by the challenge it needs to meet, and needs to go much further, much faster. Gradually increasing support to Ukraine as it slowly loses the war is a recipe for further depredations by Russia, and opportunism by others, in the future. It also fails to recognise the extent of wider Russian threats to democratic interests, for example in the Western Balkans, the Sahel, North Africa and in terms of subversion and sabotage. The group felt that Russia needed to feel real pressure – to feel threatened – for Ukraine to have any meaningful leverage in future negotiations, and that NATO should do more in the Black Sea, on air defence, on building defence relationships and conducting exercises with states surrounding Russia, and potentially even deploying troops into Ukraine.

But putting any effort of that nature together across NATO and other like-minded countries would require a degree of strategic cohesion that has thus far been absent, and an appetite for more direct confrontation with Russia that seems deeply unlikely under a Trump presidency and only marginally less so if Vice President Harris were to enter office. It would also require the US to articulate a theory of victory to which Ukraine and its supporters subscribe, and this too has been lacking. There is no sense of what this would look like under a Harris presidency; but a Trump theory of victory in Ukraine might look worryingly like whatever would achieve US disengagement at the earliest juncture, with long-term impacts for the survival of Ukraine, the security of Europe and the credibility of US security assurances globally. The group felt that costs of achieving an end to the war on terms favourable or even acceptable to Ukraine would be in the longer term much less than the costs of a frozen conflict (which would require NATO to guarantee the security of part of Ukraine lest the war reignite and end in a total loss) or a Russian victory (which would require NATO to defend a huge new Russia-Ukraine border).

On the Middle East there was significant disagreement. Some felt that Hamas, Hezbollah and Iran were all undefeated and that Israel is at serious risk of overreaching and endangering itself. It might provoke Iran to acquire nuclear weapons more quickly. Others felt that Israel was merely trying to fill the void left by American disengagement from the region: "Israel is unilaterally trying to reestablish deterrence – and maybe even go further". The group interpreted this as a failure of deterrence within the US-Israel alliance, with Washington's restraints on its ally proving largely ineffective to date. Consequently, Israel could be dragging the US into a war with Iran. Similarly, there was disagreement about what could be expected over Taiwan, with a lack of consensus over what the US really wanted from its European allies in the Indo-Pacific: direct contributions in the region, or strengthening deterrence in Europe to allow greater US flexibility of action globally?

All agreed, however, that the key issue was the wide and growing capability gaps between the US and its allies, particularly in terms of key enablers such as intelligence, strategic airlift, command and control and space. When US allies cannot plug into US command and control due to a lack of investment, it is hard to make the case in Washington that those allies are truly pulling their weight. Almost everyone agreed that the Western European part of the alliance has atrophied but that Poland and the Nordic countries have stepped up. Germany's *Zeitenwende* was seen as a damp squib

with not enough money behind it, and it seems instead to be thinking about managing decline. The fundamental question was seen as how to revitalise a sense of collective security, as opposed to security among different parts of the alliance because there would always be domestic reasons to do less on defence. This issue needs urgent attention regardless of who the next US President is.

Geopolitics of climate: technology, industrial strategy and approaches to China

This group focused on the intersection of national security, industrial policy, and energy transition technologies, with special emphasis on how allies can collaborate to maintain competitiveness while addressing concerns about dependency on China. A significant portion of the discussion revolved around the global race for leadership in energy transition technologies, such as electric vehicles (EVs) and solar panels. China has established itself as a leader in these areas, particularly in the production and processing of critical minerals and solar panel manufacturing. This reliance on China to support the green transition presents risks, particularly in terms of geopolitical leverage and supply chain vulnerabilities, in the contexts of strategic competition between the US and China, China's support for Russia in its war in Ukraine, and broader concerns about the implications of a rising China.

Participants argued – from a US perspective – that the long-term transition to clean energy and technologies is not politically sustainable if states become dependent on China for green technologies as a result. Allies should take seriously China's aim for everyone to be dependent but themselves. On the other hand, it was seen as important to be realistic about the scale of ambition for supply chain diversification, with even the most optimistic future needing to be predicated on an assumption that China would produce the majority of global critical minerals, for example, even with policy intervention. In practice, the group thought, policy should be designed to reduce Chinese leverage by, for example, developing the production of clean technologies within an "allied sphere" and aiming to gain a sufficient market share (20-30%) in critical technologies to enable counter-leverage. The challenge would be to maintain an industrial policy which rebalances dependence on China while avoiding a trade war between allies. One way to do this, the group thought, might be to develop a common understanding and definitions of sensitive technologies between allies, and to create a single investment zone under countries that subscribe to them. This could allow for sectoral harmonisation outside free trade agreements (FTAs), enabling allied co-operation on industrial and green tech development.

Participants acknowledged that Chinese advancements in these areas of green technology pose significant risks, particularly in terms of data security. To mitigate these risks, it was suggested that allies adopt stringent measures and guardrails, such as whitelisting and blacklisting products and partners based on their alignment with national security interests, to ensure that key technologies remain under secure, allied control. Participants noted that while some technology leakage to China is inevitable, the most advanced hardware and software should be strictly guarded. A further concern was that leakage pathways could be indirect. One such vector might be the Gulf, where the Biden administration has been hesitant to allow the sale of frontier AI technologies thus far. A Trump administration was seen as likely to expand technological engagement in the Gulf, however.

Looking to the future, the group emphasised the need for more agile and inclusive industrial policies that can adapt to the rapid pace of technological advancement, and the associated need for agile capital to rapidly target investment in the mould of the CHIPS Act. For European allies of the US both these things would be a challenge: there is residual national and institutional scepticism of industrial policy in the EU, with some states viewing it as means by which France and Germany, in particular, seek to advantage their own companies, and slow growth in Europe has made it harder for governments to access capital. Devising ways to overcome both barriers was seen as necessary. And, if they can be overcome, then some means of co-ordinating (or at least deconflicting) within and between states would be needed if competition between allies is to be beneficial. Participants were

generally sceptical of the utility of new institutions, and although they felt that the G7 could be an effective framework for discussion, there was no appetite for establishment of a standing function to cover this area. Instead, national level organisations along the model of National Security Councils could be used to streamline efforts across multiple sectors, and to drive mini-lateral “light, small and nimble” co-ordination among allies on an issue-by-issue basis.

Building global economic security and prosperity

The group started by framing an economic security approach as one that was concerned with the potential threats posed by supply chain dependencies, that would use (or worry about others using) supply chain levers to protect or open markets, and that would use industrial policy alongside or over trade policy to drive growth. Members noted that not all dependencies can or should be counted as real economic security threats (although they might increasingly be framed as such by those who advocate for a broader decoupling from and squeeze on China), for fear of strangling prosperity. Critical minerals were felt to be an area of genuine concern that needs to be addressed though.

In the context of US-China strategic competition, European allies face difficult choices: aligned with the US politically and ideologically, they have significant economic interests in China and are much more exposed to potential foreign trade upheavals due to their significantly higher trade-to-GDP ratio. Europe is also simply less productive, growing more slowly, and has less ability to raise capital than either the US or China. This means that it is weaker and less able to respond to changing circumstances in a competitive world and is less able to forge an independent path from either the US or China. The group felt that economic security began at home: Europe (including the UK) needs to focus on competitiveness, investing in education, infrastructure, and developing capital markets. It also needs urgently to reduce the cost of energy, which makes Europe an unattractive inward investment prospect and greatly hampers the productivity of existing industries.

Under either a Trump or a Harris administration, we can expect the economic stimulus of the IRA, and perhaps similar further measures, to continue to be a feature of the international economic system. We can also expect both candidates to maintain or increase tariffs on Chinese imports, and former President Trump may also introduce blanket import tariffs, or other tariffs targeted on allies with which he and his advisors have a particular issue (such as Germany or Japan). Alongside that, participants expected an ever-expanding set of restrictions on trade with China via export controls and potentially primary and secondary sanctions. Even if not directly targeted at firms outside the US that trade with China, experience with other sanctions regimes shows that de-risking by financial institutions wary of exposure to US penalties will have a material effect on trade that is not directly subject to control. Europe is thus squeezed on all sides: out-competed by its most important ally and fearful of domestic industry being pushed out by subsidised US rivals, suffering with low productivity for a range of slow-to-mend reasons, and gradually cut off from its politically risky but financially essential Chinese economic entanglements.

In the view of the group, Europe needed to accept that the liberal free market approach would not deliver what it needed in this environment. For some the solution was simple: “implement Draghi”¹. For others a more selective approach was needed. But all felt there was little time to waste. In terms of approach to the US, an appeal to shared interests and values was felt to be of limited utility: both incoming administrations would expect allies to do more. Key for both, but particularly for former President Trump, would be for allies to develop a clear sense of what could be put on their side of a deal to protect and develop their own economic potential. This might require some co-ordination

¹ “The future of European competitiveness – A competitiveness strategy for Europe”, a report by former Italian Prime Minister and former President of the European Central Bank Mario Draghi, published in September 2024, which lays out recommendations for radical economic reform and industrial strategy in the European Union.

amongst allies to achieve. In contrast to the previous working group, who had been sceptical of the utility of a new institution, participants here suggested the creation of a permanent economic security secretariat at the G7 such that national interests could be surfaced, and roles in and exposure to supply chains clarified. Although some doubted that the G7 was the right solution, all agreed that existing coordination mechanisms across allies were insufficient

This summary reflects the writer's personal impressions of the conference. No participant is in any way committed to its content or expression.

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