



August 2025

What To Watch in Fall 2025

Ten GMF experts reveal the events and trends that they are keeping an eye on for the remainder of the year.

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Introduction

The year 2025 has been a turbulent one for transatlantic relations thus far. US tariffs hit Europe as the consequence of a trade deal, European leaders have increasingly stepped up their commitments in an effort to shift the security burden in NATO, and changes in the United States' relationships with India and China also directly affect Europe. Compared to the beginning of the year, when Vice President JD Vance's speech at the Munich Security Conference sparked questions regarding the future of the alliance and Washington's reliability as a partner, the tone has cooled down over the summer. Nevertheless, the transatlantic relationship is undergoing a profound transformation and redefinition. Ten GMF experts look ahead to the issues and evolutions to watch in the fall.

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Trade Policy: Rewiring the Global Economy

By Penny Naas

After some 200 extraordinary days in 2025, the global economy is rewiring. Supply chains and investment relationships are shifting due to US President Donald Trump's interventions in US economic and industrial policy. The implementation of his "deals" and executive orders will continue through the fall and into 2026.

To date, tariffs have been levied under four distinct strategies: rebalancing the US trade deficit, reshoring manufacturing critical for national security, raising revenue, and as leverage in any ongoing dispute, including those unrelated to trade. For the fall, the following actions will be important to watch.

- The most important are the Section 232 investigations. Currently, the United States has completed investigations into autos, steel, aluminum, and copper, with eight other investigations into goods such as semiconductors, pharmaceuticals, and critical minerals.
 - The results will create economic, commercial, and political dislocations due to the sectors covered, the size of the tariffs, and the unilateral expansion of the scope of each of these cases.
 - These cases go beyond their intended purpose to protect national security, with remedies often set at punitive levels.
 - More important, the president can unilaterally change the magnitude and scope of coverage without additional investigation. On August 15, the scope expanded again, including 50% on products shipped in steel or aluminum cans such as milk and beer.
 - As the government releases the results of the other investigations, all US trade could eventually be impacted.
- The "reciprocal" tariffs announced on April 2, and then amended via letters sent just before August 1, set country-wide rates, and have only recently gone into effect.
 - Many countries reached "deals" with the United States to avoid more onerous duty rates, but these require additional work and negotiation that will stretch through the fall into 2026.

For the fall, we will see the appellate courts issue rulings on the legality of the tariffs, with an appeal to the Supreme Court likely. While the Trump administration will use other trade laws to continue these policies, we expect these cases to create some speed bumps.

Congress continues to abdicate its role on any of these issues. This is not expected to change in the fall of 2025.

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Competitiveness: Transforming the European Economy

By Georgina Wright

When EU officials return from summer recess, competitiveness will be high on their agenda. The alliance knows it has a persistent growth and productivity problem. [Mario Draghi's 2024 report](#) was blunt: Without coordinated investment worth 4-5% of EU GDP each year—roughly €750-800 billion—the bloc risks long-term decline.

In January 2025, the European Commission unveiled its [Competitiveness Compass](#) to unlock innovation, strengthen energy security, and better channel Europe's private capital—especially the €10 trillion in household savings—into productive investment. However, US President Donald Trump's tariff threats quickly shifted political attention away from the EU's growth and productivity agenda.

Diplomats will meet several times in the coming months to try to drive progress. The hope is that significant progress will have been made by the time EU heads of state and government meet on 23-24 October and again on 18-19 December.

Three priorities stand out, none of them easy. First, money. The European Commission has proposed raising the budget from 1.1% today to 1.26% of gross national income for the next EU budget, which will run from 2028 to 2034. This increase is still far below Draghi's call for investment closer to 5% of GDP, and will need revising.

Second, political will. Reforming the EU budget requires consensus across 27 member states and the approval of the European Parliament. Negotiations will be difficult, as states are reluctant to alter spending formulas that benefit them directly. France's repeated struggles to pass its own national budget are a reminder of the political hurdles that come with any attempt to reform spending, be that at the national or European levels.

Third, risk-taking and continued focus. Enhancing competitiveness means rethinking industrial policy, procurement, and savings while diversifying supply chains and market opportunities. Decisions will require risk-taking and continued focus, even in the event of tariff threats and new geopolitical developments. It is going to be a busy fall in Brussels.

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European Security: What Next for the “Coalition of the Willing”?

By Gesine Weber

When the United States and Russia held their first talks over the future of Ukraine in March 2025, European states were excluded from the conversations. In response, European countries launched a “coalition of the willing”, an informal gathering of 31 states. Participating states reaffirmed their resolute support for Ukraine and held discussions on a European contribution to a ceasefire, for example through a “reassurance force” that could be deployed as part of the ceasefire—though not to the front line—to deter Russia.

Today the “coalition of the willing” appears to be stalled and is failing to produce concrete results. It is certainly encouraging for Europe that a smaller group of [European leaders met with US President Donald Trump and Ukrainian President Volodymyr Zelenskyy in Washington](#) earlier this month. This was a strong political signal of support for Ukraine. But to this point, the coalition has not brought any concrete results. Only five of the 31 participating countries ([France, the United Kingdom, Belgium, Estonia, and Lithuania](#)) have declared their willingness to deploy troops as part of the security guarantees for Ukraine. It is difficult to imagine that these countries could deploy a critical mass of soldiers sufficient to deter Russia.

A key issue to watch in the fall is the effectiveness of this “coalition of the willing”: Will it manage to forge a consensus on meaningful European action on Ukraine? Will it serve as a platform for its more ambitious member states to coordinate and then potentially lead a European response to the evolution of the situation in Ukraine? Or will it render itself obsolete by remaining yet another talking shop?

The future of the “coalition of the willing” will affect the future of European security more broadly. If the coalition produces concrete outcomes, the states leading this effort (and its implementation) will substantially strengthen their role in shaping the future of European security. But if the coalition fails to deliver, Europe might find itself at a strategic impasse—and once again prove to critics and adversaries that it is unable to address even the most pressing security challenges on their continent. The result would be a substantial loss of credibility and leverage in relation to both Washington and Moscow, and this would hardly be beneficial for European security and defense.

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US Defense and Security Strategies: Likely a Headache for Europe

By Kristine Berzina

The Trump administration will release several security and defense strategies in the autumn. Passing such strategies is an ordinary part of a new administration's tasks, but for the Trump team, both the process and the details will depart from those of previous administrations. These policies can have turbulent consequences for Europe.

The White House's National Security Council (NSC) is often the first to release the National Security Strategy. But limited staffing in the NSC and US President Donald Trump's highly personal approach to foreign policy means that formal policy documents are now less of a priority.

The Department of Defense, however, will release a Global Posture Review and a National Defense Strategy at the end of the summer. This is an aggressive timeline (other administrations have taken 10 months to two years). And both documents are likely to be tough on Europe.

The posture review guides where US troops should be stationed around the world. The review will probably reduce the number of US troops stationed in Europe. When the Biden administration [released](#) its global review at the end of November 2021, it removed a 25,000 troop cap on forces in Germany that President Trump had imposed in his first term. This Pentagon is inclined to revert to greater hesitancy on European matters. Defense Secretary Pete Hegseth has stated that the United States would prioritize its southern border and the Indo-Pacific, and the review will ensure that US force posture is "[right sized](#)" given these priorities. The National Defense Strategy will likely formalize the homeland and Indo-Pacific focus of the Pentagon's [interim guidance](#) and the shift away from transatlantic matters.

The Pentagon's desired direction is clear, but there is uncertainty about how these policies will interact with current thinking in the White House. President Trump's prioritization of Russia's war against Ukraine in his diplomatic efforts does not signal a shift away from Europe, and he seems to value his personal relationships with European leaders. The president's de facto policy preferences, and his desire to keep US foreign policy flexible, may not correlate well with the Pentagon's written policies. Allies will have a hard time navigating the divergence between the Pentagon's policies and the president's efforts in Europe.

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Ukraine: Monitoring Democratic Governance

By Olena Prokopenko

Ukraine's civil society and the international community demonstrated extraordinary unity in warding off the Ukrainian government's July 2025 attempt to strip the country's anti-corruption agencies, the National Anti-Corruption Bureau (NABU) and the Specialized Anti-Corruption Prosecutor's Office (SAPO), of their independence. What could have become the largest reform rollback in years was [swiftly prevented](#) thanks to youth-led protests across Ukraine and a coordinated response by top watchdogs and Western leaders. All of these groups called on President Volodymyr Zelenskyy to reverse a decision that could well have derailed the country's hard-fought EU accession process.

The successful reversal is hardly a reason for Ukrainian civil society and international partners to take their eyes off of governance issues, however. The heads of NABU and SAPO have reported that the government may be preparing a new crackdown aimed at replacing the agencies' independent leadership with loyalists. Ukrainian reformers will therefore remain on full alert.

As high-level diplomacy continues, the possibility, however remote, of ending Russia's war brings presidential and parliamentary elections back onto Ukraine's domestic agenda. This makes it vital to monitor any government pressure on democratic actors—from independent state agencies and political opposition to civil society and free media—through politically motivated criminal investigations, smear campaigns, or other means of silencing critical voices.

This fall, it will be important to watch Kyiv's moves in the area of democratic governance. At the same time, it will be necessary to monitor Ukraine's allies' reactions to any further attempts by the government to derail the country's democratic achievements. These countries must push for transparency and rule-of-law reforms and work hand-in-hand with civil society as a key driver of the country's transformation. Ukraine's democratic future may depend on whether its allies provide a strong and rapid response.

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China: Trump-Xi Summit in the Offing

By Bonnie Glaser

Officials in Washington say there is a high probability that US President Donald Trump and China's leader Xi Jinping will hold a summit this fall. The meeting could take place at the end of October on the margins of the Association of Southeast Asian Nations Summit in Malaysia, or at the Asia-Pacific Economic Cooperation Summit in South Korea, or Trump could make a separate visit to China. Advance planning for the summit is expected to be sparse; Trump prefers unscripted meetings and sees himself as a gifted negotiator. Although there is speculation that a grand bargain is possible, it is more likely that the summit will produce a handful of targeted agreements.

What do the two sides hope to achieve? Comments by US officials and by Trump suggest that the US focus remains on trade. Trump wants China to open its markets to American goods. He wants large Chinese purchases of US goods such as Boeing aircraft, liquefied natural gas, and agricultural products. Washington also seeks unhampered delivery of rare-earth magnets, which Beijing weaponized in retaliation for escalated US tariffs on Chinese goods. In addition, Trump wants to finalize a deal to bring TikTok under US ownership.

Beijing is keen for the United States to remove the 20% tariffs that Trump imposed earlier this year in response to Chinese exports of chemical precursors that are manufactured into fentanyl, a drug that has killed hundreds of thousands of Americans. He also seeks further easing of US export restrictions on advanced technology, including high-bandwidth memory chips. Xi will also likely attempt to persuade Trump to restrain Taiwan's President William Lai from pursuing what China views as provocative pro-independence policies and to gain Trump's support for Taiwan's peaceful reunification.

A US-China summit, regardless of the outcome, is likely to have substantial implications for the interests of many countries around the world and will be watched closely.

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The Middle East: Toward a New Order or Deepening Instability?

By Özgür Ünlühisarcıklı

Recent developments in the Middle East, including regime change in Syria, renewed hostilities between Israel and Hamas, and clashes between Iran and Israel have once again placed the region at the center of international concern. Whether the region is moving toward a new order or deeper instability remains uncertain. Upcoming events in two theaters will serve as key indicators in the short term.

The ceasefire between Israel and Hamas, signed in January 2025, collapsed on March 18 when Israel resumed military operations in Gaza. Subsequent negotiations involving Israel, Hamas, and mediators including the United States, Egypt, and Qatar have failed to produce results. Hamas has suspended participation in further talks, and Israel is considering a full military takeover of Gaza. While no formal negotiations are scheduled for fall 2025, renewed talks could occur if a third-party initiative emerges, particularly in response to growing international pressure.

In Syria, the government established following the December 2024 regime change has yet to consolidate control. West of the Euphrates, pro-Assad loyalist insurgencies persist, and intercommunal clashes—such as between Bedouin and Druze factions in Suwayda—highlight continuing instability. East of the Euphrates, the Kurdish People's Protection Units (YPG) refuse integration into the Syrian Arab Army under the current circumstances. A significant political milestone is scheduled for mid-September 2025, when Syria will hold its first parliamentary elections since the fall of the Assad regime, under an indirect electoral system granting the president authority to appoint one-third of the seats. These elections will test the legitimacy of the transitional government in Syria. While a credible outcome would facilitate foreign investment and aid, exclusion or underrepresentation of minority groups could deepen existing fractures.

The coming months may determine whether the Middle East moves toward stability or prolonged conflict.

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US-India Relations: An Eroding Partnership?

By Garima Mohan

US-India ties are currently locked in a downward spiral thanks to US President Donald Trump's announcement of a 50% tariff on Indian products and no prospect of a trade deal. New Delhi, bearing the brunt of the White House's frustration with Moscow and the lack of progress on ending the war in Ukraine, is being penalized for purchasing Russian oil. Improving US-Pakistan ties are also heightening tensions. In this environment, three trends in US-Indian relations are crucial to watch over the coming months.

Convergence on China: Ties between Washington and New Delhi are deep and multifaceted. Both assess challenges related to China similarly, and that has led to greater cooperation on security and defense, critical and emerging technologies, and, until now, trade and investment. All have been bolstered by strong people-to-people links. The current crisis in bilateral relations is limited to tariffs, but Trump's desire to negotiate a trade deal with China without a clear, overarching strategy toward Beijing, could erode the basis of the US-India partnership. Convergence on China helped to manage past differences in other policy areas, but this is not happening with the current friction. Developments in US-China relations will have an impact on New Delhi's actions.

The Home Front: Domestic concerns in the United States and India could constrain each country's room for maneuver on policy. For India, negative developments affecting business interests, investment, or the issuance of H1B visas for highly skilled immigrants will further erode the US image. This would limit Prime Minister Narendra Modi's ability to salvage ties. In the United States, companies' and investors' confidence in India will drop if the imposition of tariffs and the absence of a trade deal persist.

Advantage Europe: No matter how the current crisis evolves, it is clear New Delhi will need reliable and trusted partners on trade, investments, and technology. Neither Russia nor China can provide alternatives to Western partners for India in these areas. The outlook for an EU-India Free Trade Agreement has improved.

Tech Stack: The New US Foreign Policy of AI

By Lindsay Gorman

Fall 2025 will see the implementation of the Trump administration's vision for the US foreign policy of AI, alongside deepening attachments between the US government and its tech firms. Allies will face key decisions on whether to embrace the new "American AI tech stack."

[Executive Order 14320](#)—signed alongside the AI Action Plan last month—calls for the Commerce Department, with input from the Department of State and the Office of Science and Technology Policy, to establish an "American AI Exports Program" by October 21st. Aimed at advancing "American AI technologies, standards, and governance models", the program invites bids from industry-led consortia to develop a "full-stack AI tech package" and identify target countries for export.

The AI tech stack—with similarities to the ["tech stack" framework and reports](#) developed by GMF Technology—includes hardware, data-center storage, cloud services, data pipelines and labeling systems, AI models, and AI applications across sectors. Selected packages will be eligible for US government financing, including direct loans and guarantees; equity investments, co-financing, political risk insurance, and credit guarantees; and technical assistance and feasibility studies.

Whether and which allies buy the stack will shape the emerging geotechnical landscape. Whereas the US administration sees Asia-Pacific allies as potential adopters, European leaders seek to build their own AI competitiveness and sovereignty through initiatives such as the [AI Continent Action Plan](#) and proposed "[Buy European](#)" procurement clauses. As industry consortia form this fall, which government financial instruments they obtain will define the contours of a new US industrial policy on tech. Recent [agreements](#) with NVIDIA and AMD to assume 15% of their H20 and MI308 chip sales to China in exchange for export licenses, [conversations](#) over a US government stake in Intel, and potential new equity investments in AI raise questions as to just how far new public-private tech entanglements will go.

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Europe's Digital Regulation: Responding to US Pressure

Sharinee L. Jagtiani

The United States and the EU see the [Framework Agreement on Reciprocal, Fair, and Balanced Trade](#), announced on August 21, as the initial step in a process that will evolve over time. The agreement formalizes a [handshake deal](#) reached between European Commission President Ursula von der Leyen and US President Donald Trump in Scotland in late July. During the meeting in Scotland, Von der Leyen [hailed the proposed deal](#) as a step toward greater “stability” and “predictability” in the trade relationship between the two sides. The coming months will reveal how the deal unfolds—particularly in relation to contentious issues such as European digital regulation.

Ahead of the agreement, the EU stated that its digital regulations—including the Digital Markets Act (DMA) and the Digital Services Act (DSA)—[were not up for negotiation](#). [Together the two acts](#) form a regulatory framework across the EU aimed at creating a safer digital space that protects users’ rights and ensures fair competition within the single market and globally. The Framework Agreement reflects this stance, making no reference to these laws. This omission, however, does not signal reduced US pressure on EU digital regulation moving forward.

Washington has taken a [critical view](#) of these regulations. For instance a [July interim staff report](#) from the Committee on the Judiciary of the US House of Representatives states that the EU uses the DSA as a “censorship tool”, compelling major platforms to suppress “core political discourse” in Europe, the United States, and beyond. Additionally, in the lead-up to the framework agreement, Reuters reported that [an August 4 State Department cable](#) directed US diplomats in Europe to build support for repealing or amending the DSA and related laws restricting online expression.

This coming fall will be a key period to observe how the EU enforces the DSA and the DMA—an important indicator of its regulatory resolve and its ability to balance enforcement of its digital regulations with the pursuit of stability and predictability in its trade relations with the United States.