



MACRO PICTURE

**Caught in the Middle: Britain Between
Washington and Brussels in a Fragmented World**

By

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7 May 2025

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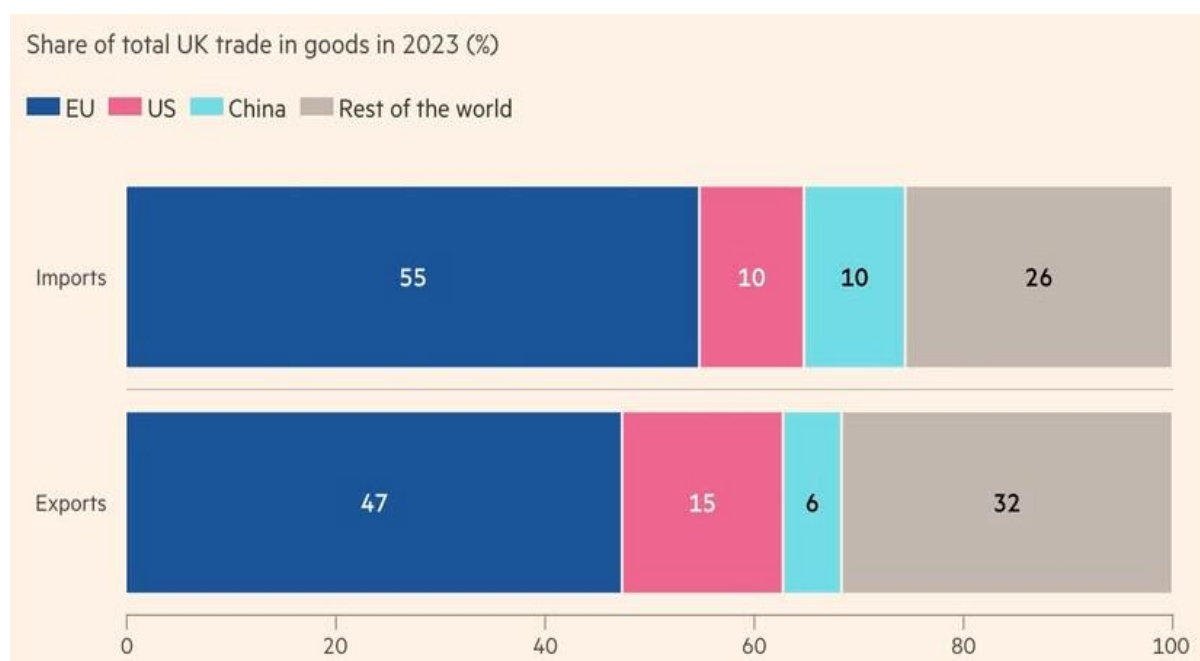
Trade Relationships: Focus on US, But the EU is Far More Important

- ✦ The UK is navigating a fragmented global order, balancing its historic ties to the US and its geographic and economic links and geographical proximity to Europe in an increasingly multipolar world.
- ✦ As an outsider to major trading blocs, the UK has an opportunity to pursue an independent trade policy—avoiding US protectionism and EU regulatory rigidity—but this autonomy remains under pressure from both sides.
- ✦ Post-Brexit Britain struggles to define its strategic identity, with its initial “Global Britain” ambitions constrained by limited military capacity and domestic economic pressures.

Defense: The Key To Re-Enter the European Game

- ✦ The UK’s role in Ukraine has shifted from leading voice to strategic adjustment, as military overstretch and lack of allied enthusiasm force a pivot toward negotiated settlement.
- ✦ Domestic fiscal constraints—including rising public debt, inflation, and cuts to social services—have exposed the fragility of the UK’s defense-first approach.
- ✦ Structural military weaknesses, including underinvestment in troop strength and modern technologies like drones, undermine Britain’s ability to act independently on the world stage.
- ✦ Despite these limitations, Britain has occasionally exercised autonomy, declining to support EU sanctions on the US and abstaining from EU-led AI governance initiatives.
- ✦ While strategic non-alignment offers flexibility, looming decisions—on fighter jets, food standards, carbon border taxes, and the nuclear deterrent—will ultimately force the UK to choose between deepening ties with the US or Europe.

Key Picture: The EU Is the UK’s Dominant Trading Partner, with the US and China Well Behind



Source: ONS, via the Financial Times. Note: Figures in current prices, seasonally adjusted.

Britain at a Crossroads in a Fragmenting West

For much of the 20th century, the West—led by the United States—was united by a shared ideology of freedom and democracy. The Cold War and its aftermath cemented a US-dominated unipolar order. But as ideological divisions fade, new rifts are emerging within this once-cohesive alliance. A multipolar world—shaped by the competing interests of the US, China, and the EU—is becoming increasingly apparent.

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Recent tensions between the US and Europe reveal this fragmentation. Washington began direct negotiations with Moscow without EU consultation, while Europe pressed ahead in support of Ukraine independently, signaling a shift toward strategic autonomy. In this shifting landscape, the United Kingdom finds itself at a crossroads, caught between its historic partnership with Washington and its geographic and economic ties to Europe.

In the wake of Brexit, Britain has struggled to define its strategic identity. “Global Britain” promised a renewed role on the world stage, free from the bureaucratic grasp of Brussels, as it was perceived. The recently signed [trade agreement between the UK and India](#) may be going in this direction, but its real benefit still need to be tested.

Amid these shifting dynamics, the UK under Prime Minister Keir Starmer is attempting to reposition itself. Starmer has launched a so-called “[coalition of the willing](#)”—including EU states (primarily Germany and France), Canada, and NATO allies—to guarantee peace in Ukraine and assert Western leadership without overreliance on Washington.

Choosing between the US and Europe won’t be easy. The US is more powerful, culturally familiar, and economically dynamic, while the EU lacks military strength and economic dynamism. But Donald Trump’s rise has strained those affinities. Some argue that as US President Donald Trump strains transatlantic ties, the EU and UK have much to gain from closer cooperation. A comprehensive security pact—covering defense, energy, finance, tech, and climate—could meet the moment. But the main barrier is a lack of strategic vision on both sides. Additionally, and more importantly, without US security guarantees, it's unclear how much the EU and UK would invest in rearmament—or how long such a buildup would take.

Geopolitically, the US is either pivoting to Asia or lapsing into isolationism. Either trajectory leaves Europe, and by extension Britain, drifting to the periphery of Washington’s strategic priorities. For post-Brexit Britain, this underscores a deeper dilemma: striving for relevance in a global order where it is no longer at the center.

Ukraine: From Leading Voice to Strategic Adjustment

Nowhere is the UK’s strategic ambiguity more evident than in its positioning on the Ukraine war. Despite early enthusiasm and vocal support for Kyiv, Britain now finds itself sidelined. It is absent from direct US-Russia negotiations and plays a limited role in shaping battlefield dynamics, particularly as US-led military aid overshadows British contributions.

Prime Minister Keir Starmer’s vision of the UK leading Ukraine’s post-war security effort is running into hard constraints. [His initial proposal](#) of deploying British troops along the 1,500-mile front line quickly collided with warnings from senior military officials: the UK Army is too small to sustain such an operation. The plan hinged on forming a “[coalition of the willing](#),” but enthusiasm has been scarce among nations with the necessary capacity — notably, those with troops to spare, like Poland, were less inclined to commit.

Compounding matters, any hopes of a significant European ground presence were undercut when Russia declared foreign troop deployments a red line in ceasefire negotiations. [Starmer has since pivoted](#), now emphasizing air and naval power as more viable tools for UK involvement. Naval support, while symbolically potent, faces even steeper obstacles. Even if politically feasible, [the UK Navy itself is limited](#), with much of its

surface fleet under repair or maintenance. In practice, a sea-based deployment remains improbable, and a land-based force unsustainable without secure naval logistics.

Thus, it is highly expected that the UK will quietly adjust course. Once among the loudest advocates for arming Ukraine “[for as long as it takes](#),” Britain will likely slowly realign with Washington's shifting priorities. The emphasis is subtly moving away from endless military support toward encouraging a negotiated settlement.

Between Strategic Ambition and Domestic Constraint

Britain's attempt to assert global relevance through support for Ukraine has exposed the cracks in both its military capabilities and its domestic economic stability. This outward posture has domestic consequences that are becoming increasingly difficult to ignore.

Recent economic pressures, including rising public debt, slower growth, and inflation, have forced the government to make tough fiscal decisions. Recent defense-driven decisions—including [billions in social cuts](#) and [increased National Insurance contributions](#)—have raised concerns about the sustainability of this defense-first strategy. Public discontent is growing, particularly among vulnerable groups facing higher living costs and reduced access to healthcare.

To fund expanded defence commitments, the UK has slashed its overseas aid budget and increased National Insurance contributions. Public services are under strain, and criticism is mounting over cuts to social support amid growing military expenditures.

At the same time, Britain's armed forces face structural challenges. Years of underinvestment have left the military understaffed and overstretched, with limited capacity for prolonged, high-intensity operations. Critics argue that the UK has prioritized symbolic commitments over strategic coherence—focusing on visible deployments rather than investing in resilience, drone warfare, or civilian defense preparedness.

The result is a strategic paradox: a country that wants to be a leading global actor but is constrained by shrinking resources and diminished political will. Britain remains deeply dependent on US military cover, particularly in intelligence and nuclear deterrence, while simultaneously unable to match the EU's economic scale in its own neighbourhood.

The Advantage of Autonomy

Perhaps that's precisely the point: the UK is not picking sides. It has already shown a willingness to distance itself from both Washington and Brussels—refusing to back EU sanctions against the United States in response to Trump-era tariffs, and declining to sign the [international AI declaration hosted by France](#).

These choices reflect a broader opportunity. The UK, outside the EU customs union and all major trading blocs, has space to chart its own course. While this position comes with limitations, it also offers flexibility. With both major political parties currently opposed to reopening the Brexit debate, the UK must find ways to make the most of its geopolitical autonomy.

Trade is one such avenue. Rather than simply mirroring the US's increasingly protectionist stance toward China, Britain should pursue an independent trade policy that leverages its lower tariffs and global ties. [In a multipolar world, strategic non-alignment may be more advantageous than bloc-based loyalty](#).

The same logic applies to digital policy and AI. Emulating the EU's highly cautious regulatory model without benefiting from its large internal market yields little competitive gain. If the UK regulates as tightly as Brussels but lacks its scale, it risks becoming a small, rule-following outlier rather than an agile innovator.

However, there are avenues the UK will be forced to choose. NATO once allowed Britain to avoid picking sides in defence partnerships. But if Trump weakens or withdraws from the alliance, defence cooperation becomes a binary decision. The UK must soon choose between buying American F-35s or upgrading Typhoons with

European partners, while continue developing the 6th generation fighter jet of the [GCAP project with Italy and Japan](#). Deeper down the line, questions will arise about reliance on the US for its nuclear deterrent or exploring alternatives, such as cooperation with France.

Additionally, efforts to strike a US trade deal while improving ties with the EU will expose serious tensions. Washington wants the UK to drop its 2% digital services tax targeting tech giants like Meta and accept looser food standards on pesticides and hormone-treated meat. Climate policy is another flashpoint. Britain plans to align with the EU's carbon border tariffs by 2027—a move the US sees as protectionist. The UK has also faced pressure from Washington to lower non-tariff barriers—particularly on agricultural imports such as beef—and to cut its automotive import tariff from 10% to 2.5%.

During meetings in Washington, UK Chancellor Rachel Reeves signaled that the British government is in no hurry to finalize a trade agreement with the Trump administration. Reeves made clear that the UK will not compromise on food standards, a stance that could complicate its parallel objective of easing post-Brexit trade barriers with the European Union.

Conclusion

As the global order becomes increasingly multipolar, the UK can no longer rely on its past balancing act between the US and Europe. Its future relevance will depend on whether it can transform geopolitical ambiguity into strategic autonomy—before external pressures force its hand. This strategy becomes even more pertinent as Europe itself seeks greater independence from the US, with countries like Germany advocating for strategic autonomy despite persistent structural weaknesses such as economic stagnation and political fragmentation. As Washington gradually pivots toward negotiations—especially under a potential Trump administration—the UK is likely to adjust its stance accordingly. This will not be a dramatic shift, but a pragmatic recalibration: a quiet convergence with the US position, wrapped in the language of responsibility and diplomacy. For post-Brexit Britain, caught between declining influence and rising uncertainty, this may be the only viable path forward.