

How does the strategic prioritization of China over Russia reshape US defense industrial capacity and alliance architecture, and what systemic risks does this misallocation create for long-term global stability and domestic political accountability?

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Executive Summary

The strategic prioritization of China over Russia, as outlined in the 2026 National Defense Strategy (NDS), aims to strategically rebalance US defense industrial capacity towards continental defense and Indo-Pacific denial capabilities. However, evidence suggests this shift creates significant systemic risks for long-term global stability and domestic political accountability by straining the US defense industrial base, fracturing alliance architecture through enforced burden-sharing, and potentially accelerating military politicization. While intended as an optimization, the reallocation of resources away from European deterrence leaves NATO's eastern flank vulnerable during a period when European allies lack the immediate industrial scale to absorb the shortfall.

Key Findings

Strategic Prioritization Reshapes US Defense Industrial Capacity

The 2026 National Defense Strategy reorders US defense priorities, placing the homeland and Western Hemisphere first, followed by deterring China in the Indo-Pacific [9, 10]. Russia is categorized as a "persistent but manageable threat" to NATO's eastern flank, rather than an existential danger requiring massive US industrial reallocation [9, 10]. This redefinition frames subsequent resource shifts as "strategic rebalancing" toward continental defense and Indo-Pacific denial capabilities, though critics argue it constitutes a "misallocation" that leaves Europe vulnerable [5, 11, 12].

This shift exposes severe capacity shortfalls in the US Defense Industrial Base (DIB). The US lags behind China in production volume and faces critical bottlenecks in shipbuilding and submarine manufacturing [3, 13]. For example, Virginia-class submarine production averaged only 1.13 per year in 2024 against a congressional goal of two per year, leaving

less than half of attack-class submarines operationally ready in FY 2023 (32 out of 48 against a goal of 66) [13]. To address this, the US is pursuing reindustrialization, including a \$29 billion injection for shipbuilding and maritime capacity [5, 13]. Furthermore, the "America First Arms Transfer Strategy" explicitly prioritizes arms sales to partners with critical Indo-Pacific geography over traditional European allies, meaning Europe can no longer assume priority access to US defense exports [8].

Alliance Architecture Undergoes Transactional Reshaping

The strategy drives a transactional approach to alliances, demanding that European NATO members assume primary responsibility for their own defense against Russia [1, 2, 5, 9, 10]. The US is executing a gradual disengagement from Europe, evidenced by the withdrawal of 5,000 troops from Germany and operational command shifts to European leadership [5, 15]. Simultaneously, the US is deepening Indo-Pacific integration through AUKUS, which aims to bolster submarine deterrence but strains the already limited US submarine industrial base [13]. Europe faces an urgent need for self-reliance, with the European Commission estimating a requirement for an additional 500 billion euros in defense investments over the next decade to reduce reliance on US suppliers [4].

The institutional deepening of AUKUS functions as both a complementary power-projection network for the Indo-Pacific and a source of strategic competition for US bandwidth. AUKUS provides the US with access to an operational base for its nuclear-powered submarines west of the international dateline, enhancing force projection [13]. However, it inherently competes for US strategic bandwidth because the US submarine industrial base is already struggling to meet its own requirements, raising questions about the capacity to deliver on AUKUS commitments (such as Australia purchasing 3-5 Virginia-class submarines) while sustaining its own fleet and supporting NATO [13].

Systemic Risks for Long-Term Global Stability

Reallocating focus away from Eurasian threats creates significant stability risks. The US emphasis on continental defense and transactional ally management risks eroding trust and weakening NATO's strategic positioning [5]. European leaders, particularly in Eastern Europe, worry that growing Indo-Pacific interest will distract from Russia, which they view as the primary threat [6]. While the 2026 NDS categorizes Russia as a "manageable threat" and Estonian intelligence assesses Russia's conventional forces require 5 to 10

years to reconstitute after the war in Ukraine, Europe cannot realistically scale its domestic capacity quickly enough to absorb US shortfalls [9, 10, 12]. The European Defense Industrial Base (EDIB) is highly fragmented, with national firms producing low volumes and lacking economies of scale [4]. Crucially, 78% of EU member states' procurement goes to foreign suppliers, and 63% of that spending flows directly to US defense firms [4].

Additionally, the US "turn against China" could deepen Sino-Russian cooperation and cause controversy in the Global South [6]. Since the start of 2026, Russia and China have advanced their strategic alignment through several concrete diplomatic and military milestones. This includes Russian President Vladimir Putin's state visit to China from May 19 to 20, 2026, which saw the extension of the "China-Russia Treaty of Good-Neighborliness and Friendly Cooperation" and the signing of a Joint Statement on Further Strengthening Comprehensive Strategic Coordination [3, 17, 19]. Military coordination has also accelerated, with at least 119 joint military exercises by April 2026, including the BRICS Plus Naval Exercise in January 2026 and the "Maritime Security Belt" exercise in February 2026 [1, 18]. The transatlantic alliance is already significantly fractured, with Europe facing increased defense spending, reduced access to US markets, and broader dependence on China as a trading partner [7].

Procurement friction further fractures NATO cohesion. To reduce reliance on the US, Europe is promoting "European preference" rules, such as the 2025 Security Action for Europe (SAFE) program, which requires at least 65% of procured equipment value from the EU, Ukraine, or the European Economic Area [8]. The US opposes these rules, viewing them as disadvantaging American companies and undermining transatlantic interoperability, and has warned of reciprocal restrictions [8].

Systemic Risks for Domestic Political Accountability

Domestically, the inward focus blurs the lines between police and military actions, potentially accelerating military involvement in domestic border operations and polarizing public trust [5]. This shift requires significant adjustments to training and structure, risking a severe recruiting crisis as the military is perceived as a partisan institution [5]. Concrete examples of this blurring include the Trump administration's declaration of a national emergency at the southern border on January 20, 2025, and an executive memorandum in April 2025 expanding military jurisdiction over public civilian lands along the border [9, 10, 16]. Federalized National Guard personnel were also deployed to US cities, often overriding state objections [8, 14]. The Posse Comitatus Act (PCA) of 1878 remains the

primary legal barrier, though the National Defense Authorization Act for Fiscal Year 2022 formally extended PCA restrictions to the Navy, Marine Corps, and Space Force [6, 7, 13].

Furthermore, there is executive-legislative disunity regarding strategic priorities. While the executive branch emphasizes continental defense, Congress identifies China, Russia, Iran, and North Korea as adversaries and generally opposes significant troop reductions in Europe without thorough assessment [5]. This divergence challenges political unity over the value of military alliances and global power projection.

Implications

The strategic prioritization of China over Russia by the US, while intended to optimize resources against a peer competitor, carries significant implications for global stability and domestic governance. The shift necessitates a fundamental re-evaluation of alliance responsibilities, pushing European allies towards greater self-reliance at a pace their fragmented defense industrial base cannot immediately match. This creates a transitional vulnerability on NATO's eastern flank and fosters procurement friction that strains transatlantic interoperability. Concurrently, the US DIB faces immense pressure to meet both Indo-Pacific demands and AUKUS commitments, exacerbating existing capacity shortfalls. Domestically, the inward strategic focus risks politicizing the military and eroding public trust, further complicated by executive-legislative disunity on foreign policy. The deepening Sino-Russian partnership, partly in response to US policy, presents a unified challenge to US global influence, suggesting that the strategic rebalancing may inadvertently accelerate a more complex and unstable multipolar world.

Limitations and Caveats

The available research does not specify a target year for Europe to reach the 5% GDP defense spending goal, nor does it identify three specific EU nations most likely to fail this benchmark due to structural industrial deficits. Additionally, the research does not identify specific US shipyards or munitions factories being repurposed for Indo-Pacific requirements, nor does it quantify a capacity shortfall in tons of ordnance and hulls per year that NATO's eastern flank will face before European scaling occurs. Direct data on the exact financial costs of procurement friction, specifically regarding duplicate programs versus standardized US-compatible systems, is also limited.

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