



# How the EU Can Survive in a Geopolitical Age

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For several decades, the EU has ignored power politics and concentrated on economic integration. But over the past fifteen years, as authoritarian regimes have come to power in many parts of the world and U.S. leadership has declined, geopolitics has come back with a vengeance. With its weak structures, EU foreign policy is struggling to adjust to the new reality.

However, it is not foreign policy but rather the core areas of economic integration that will determine whether the EU is torn apart by the rivalry of power blocs or succeeds in protecting the European way of life. The euro, trade and competition policy, the norm-setting power of the internal market, and the EU's financial strength give the union the necessary means to thrive. But to fully use these instruments, the EU needs more decisive leadership, and its way of doing business will have to change.

To respond to the geopolitical challenge, the EU must use its economic strengths strategically, deploy its financial firepower, and complete important integration projects. At the same time, the union needs to understand the risks of taking on a geopolitical role and enhance its resilience and autonomy while continuing to work toward a rules-based multilateral order.

## HOW EUROPE FORGOT GEOPOLITICS

The change in the EU's institutional cycle in late 2019 came with an unfamiliar type of rhetoric. The new European Commission president, Ursula von der Leyen, spoke of establishing a “[geopolitical Commission](#).” (The term “geopolitical” as used by EU politicians usually connotes an approach to foreign policy focused on the distribution of military and economic power and



the resulting power dynamics.) Both she and the EU's new foreign policy chief, Josep Borrell, insisted that the union must now "learn to use the language of power." Similarly, French President Emmanuel Macron warned that Europe would "disappear geopolitically" unless it began to act as a strategic power.

This new language of power, strategy, and geopolitics is jarring to many Europeans' ears because it runs counter to the EU's long-held understanding of its place in the world. Starting with French statesmen Jean Monnet and Robert Schuman, European integration was conceived to overcome the legacy of power politics that had brought war and conflict to Europe. The founding fathers' aim was to replace that legacy with a new concept of security based on interdependence and shared sovereignty in common institutions.

This concept succeeded over several decades only thanks to a particular geopolitical context. European integration developed in an international system shaped and dominated by the United States, which also happened to be Western Europe's main protector from the major threat of the era: the Soviet Union. To a large extent, it was the U.S. security guarantee and global leadership role that afforded the Europeans the luxury of leaving geopolitics behind.

The end of the Cold War and the collapse of the Soviet empire did not change this situation fundamentally, as the U.S. position remained preeminent. EU leaders now considered themselves Washington's principal partners in constructing a rules-based liberal global order based on democracy and the market economy. They hoped that disputes and challenges would increasingly be resolved in the framework of regional and global institutions. As an entity based on multilateral cooperation founded on law, the EU saw itself as the model and the vanguard of the future global order.

This widely shared confidence in a benign international environment encouraged the union to view economic relations with the rest of the world optimistically. Europeans assumed that the removal of obstacles to market forces, combined with multilaterally agreed-upon rules, would ensure positive outcomes for everyone. On foreign and security policy, European states mostly followed the U.S. lead. They happily delegated to Washington the job of removing the remaining hurdles to the liberal order while reducing their military expenditures and enjoying the peace dividend.

## THE END OF THE AGE OF INNOCENCE

The dream of a liberal world order began to fall apart about fifteen years ago. By that time, it had become clear that Russia would not transition to a liberal democracy, as many in the West had hoped in the 1990s. Rather, it would consolidate as an authoritarian state committed to securing an extensive zone of influence. Any residual hope of restoring harmonious relations between the West and Russia was brutally disrupted in 2014, when Russia annexed Crimea and started a conflict in eastern Ukraine.

It also became evident that the rise of hundreds of millions of Chinese out of poverty would not be accompanied by progress toward liberalization and pluralism. China would combine economic success with one-party rule, disproving the West's dogma that economic development and democracy were intrinsically linked. Together with Russia, China became the core of an anti-Western coalition that aimed to resist and reduce the West's regional and global influence.

These were not the only setbacks. Turkey—seen until ten years ago as a future EU member state—began to rapidly move away from Europe. And the flicker of hope of the Arab Spring uprisings that began in late 2010 was quickly followed by restored autocracy in some places and by turmoil and chaos in others.

But the final blow was the 2016 election of Donald Trump as U.S. president. His disdain for alliances and multilateral cooperation, aggressive trade policies, and open dislike of European integration removed any doubts that the old transatlantic partnership had profoundly changed. Coming only a few months after the UK referendum decision to leave the EU, which had shattered the union's confidence in the irreversibility of European integration, Trump's election left the EU badly shaken. A number of fundamental assumptions about the EU's view of its place in the world were no longer true. Even the supercautious German Chancellor [Angela Merkel](#) admitted in May 2017 that “the times in which we could completely depend on others are on the way out” and “we Europeans have to take our destiny into our own hands.”

### **The EU's Strategic Shift**

The [EU Global Strategy](#) unveiled by then foreign policy chief Federica Mogherini in 2016 indicated a shift in the union's approach. Earlier strategic concepts, particularly on the EU's neighboring regions, had emphasized a transformative agenda. The prevailing view had been that by promising financial help and eventual partial participation in European integration, the EU could convince neighboring countries to commit to democratic and market reforms. This enlargement lite policy did not work out, as few neighbors showed interest in the EU's offer. So, faced with the reality of increasing turmoil in the East and the South, the Global

Strategy downgraded transformation and instead focused on protecting the EU's interests and ensuring stability and resilience.

The new strategy also stressed the development of EU defense policy and eventual strategic autonomy. Member states adopted a number of initiatives to build up military capabilities, enhance defense cooperation, and improve the EU's responsiveness to crises. It will take years for the various programs and projects to deliver, but eventually, European military capabilities should increase, particularly because defense budgets in Europe are now on the rise again.

However, shiny new hardware will not help as long as the software is not up to scratch. As a multilateral body with twenty-seven members that decide on foreign and security policy issues by unanimity, the EU has a heavy handicap. Turkish President Recep Tayyip Erdoğan, Russian President Vladimir Putin, Trump, and even Macron can send troops abroad within a few hours without many internal or external constraints. But the EU requires a long process that involves multiple layers of preparation and consultation—with a considerable likelihood of getting stuck along the way. In urgent crises, when every hour counts, the EU is simply not a credible actor. Even its bigger member states will turn to each other or to external partners to mobilize for joint action rather than rely on the cumbersome and slow EU machinery.

### **No Foreign Policy Unity in Sight**

It could have been expected that the deteriorating security environment would convince member states of the need for a stronger and more coherent EU foreign policy. But the actual trend in recent years has been toward greater assertiveness of national foreign policy.



The economic and migration crises in the late 2000s and mid-2010s, respectively, undermined the EU's confidence and deepened divisions among the union's members. At the same time, U.S. leadership—crucial in the past for bringing the EU together—declined, while external powers like China or Israel became better at playing EU members off against each other.

Up to a point, the EU can reverse this trend with stronger leadership, both from the institutions in Brussels and—probably more importantly—from the leaders of the big EU member states. However, even the best intentions will not overcome the structural constraint that member states continue to implement national foreign policies in parallel to the union's collective policy. Achieving the same degree of integration on foreign policy as the EU has achieved on trade, where the commission negotiates on behalf of the entire union, appears out of reach for the foreseeable future. The EU's heterogeneity is too great, and the large countries remain too committed to their national foreign policies.

The best that can be hoped for is better coordination of the big European countries' national foreign policies, which should complement, rather than stifle, the EU's common policy. One way to achieve this is to make EU foreign policy more flexible by mandating individual states, or groups of them, to take selected foreign policy issues forward on behalf of the union. An EU security council, as proposed by Macron and Merkel, could also offer a framework in which national policies and collective action could complement each other more effectively.

## IT'S THE ECONOMY, STUPID

The real geopolitical challenge, however, lies not in foreign and security policy but in the economic core of European integration. If one considers the world to be dominated by rival power blocs, many of the EU's

current policies—on trade, investment, competition, research, and technology—appear in need of a rethink. The union can no longer approach international economic relations as essentially cooperative win-win partnerships. Europeans must take power relationships into account, address their own vulnerabilities, and make their policies more robust and resilient. Unlike in foreign and security policy, in economic areas, the EU already has the instruments to defend its interests.

## Resisting U.S. Economic Power Plays

Access to a market of 450 million people and the unified leadership of the commission gives EU trade policy a great deal of clout. In mid-2018, U.S. tariffs on steel imports were countered by robust European measures, and Washington's attempts to do special deals with individual EU member states failed. After these setbacks, even Trump saw the need to conclude with then commission president Jean-Claude Juncker a temporary trade ceasefire, which enabled talks on a limited trade agreement. But these negotiations are advancing very slowly, and the threat of further disruption remains.

While the union can look after its interests in trade policy, it is still acutely vulnerable to Washington's weaponization of its dominant position in the world's financial system. The EU's efforts to preserve the 2015 Iran nuclear deal in the face of renewed U.S. sanctions proved unsuccessful, because most European companies and banks simply cannot afford to be locked out of the U.S. market. Washington's sanctions against companies involved in building the Nord Stream 2 gas pipeline, which will bring natural gas from Russia to Germany under the Baltic Sea, confirmed this point.

In the short term, there is no plausible remedy against U.S. financial sanctions. But strategic autonomy will remain a distant dream unless the EU becomes more resilient in this area, too.

## Avoiding the U.S.-China Rift

The EU's economic relationship with the world's second economic superpower, China, is even more fraught. On substance, the EU and the United States share many concerns about China, such as its insufficient respect for intellectual property, forced technology transfers, and unfair practices that favor state-owned enterprises. However, the EU disagrees with Trump's methods of addressing these grievances, because the union fears that the trade war will further damage the remnants of the multilateral trade order.

The phase one trade deal that the United States and China signed in January 2020 does little to allay these concerns. It is widely seen as little more than a temporary truce enabled by this year's U.S. presidential election. Europeans are concerned that there will be a further escalation of the trade war, which could—and this is the real worry—turn into a full-blown geopolitical rivalry across the entire spectrum of international relations. In this case, Europe would come under extreme pressure to align itself with the United States—a nightmare scenario, because the EU's prosperity relies to a large extent on functioning cooperation with both of its biggest trading partners.

The current controversy about the role of the Chinese firm Huawei in introducing fifth-generation wireless technology (5G) in Europe is an early sign of how the EU can get caught up in the U.S.-Chinese tussle. The United States has issued sharp warnings that involving Huawei would risk syphoning off sensitive data to China and that the European communications system would become vulnerable in the case of an international crisis. These warnings have been echoed by ominous Chinese messages about the negative consequences for European trade interests if Huawei is shut out of this important market. Although the EU has adopted a toolbox for addressing 5G security issues, decisions on deployment are made individually by each government.

That allows both Washington and Beijing to use their considerable leverage on their European counterparts on a bilateral basis.

## Reevaluating China's Rise

Beyond the U.S.-Chinese rivalry, Europe's economic relations with China have gone through a reevaluation. Until a few years ago, EU countries broadly welcomed Chinese investments to boost an economy still recovering from the eurozone crisis. In 2012, China established the [16+1 \(now 17+1\) forum](#), which encompasses seventeen Central and Eastern European and Balkan countries. Brussels has always seen this forum skeptically as an attempt to divide Europe. But now, even many participating governments have become disillusioned, because the initiative's economic benefits have been rather one-sided.

In 2019, worries about takeovers of European technology companies and control of critical infrastructure prompted the EU to introduce a screening mechanism that allows the commission and member states to raise concerns about investments. In its current form, however, the new mechanism lacks teeth, because it leaves the state to decide where the investment is supposed to take place.

The EU was also slow and divided in its response to the Chinese Belt and Road Initiative (BRI). Better transportation infrastructure between China and Europe is certainly beneficial to EU trade interests, but the initiative's scope and methodology soon gave rise to misgivings. Europeans criticized opaque procurement rules that favor Chinese firms, insufficient respect for environmental and social standards, and the risk of debt traps for some of the countries involved. Some also saw the BRI as a vehicle for expanding a Chinese-dominated sphere of influence, with potential risks for European security.



Consequently, EU institutions and the big member states mostly kept their distance. But half of the EU members—mainly Central and Eastern European countries as well as Italy—signed up to the BRI, and a large number of European corporations got involved. Rather belatedly, in 2018, the EU managed to formulate an alternative approach, encompassed in its [Connectivity Strategy for Asia](#). The strategy aims to achieve “sustainable, comprehensive and rules-based connectivity” between Europe and Asia in the “transport, energy, digital, and human” dimensions. But it remains to be seen whether the EU can develop a more coherent and effective response to the BRI on that basis.

### A Geopolitical Edge to Many Policies

Concerns about the rise of a G2 world and its implications for the EU focus particularly on areas of high technology, such as artificial intelligence and robotics. It is likely that these technologies will determine not only the future distribution of power in the world but also the makeup of societies and their value systems. At present, most of the top companies in these areas are American or Chinese. Europe has fallen behind and risks becoming dependent on external players. To catch up, Europe will have to urgently ramp up its research and development efforts and review its rules on state aid and its merger approval process. These steps would encourage the emergence of companies that can compete internationally in these fields.

With its legislation on data protection, the EU has already moved beyond its long-standing laissez-faire attitude toward the internet. The increasing risks of disinformation campaigns on social media and of cyber attacks will require further regulation and serious

investment in all areas of cybersecurity. As many of the threats come from external state actors, protecting Europe’s interests also has a geopolitical dimension.

The same is true for other EU policy priorities. Migration policy is closely connected to the power struggles in neighboring regions, including in Libya and Syria. The EU’s agreement with Turkey in March 2016 to curtail refugee flows through the Western Balkans can be seen as one of the union’s first geopolitical deals. Addressing the climate crisis successfully depends not only on reducing [EU emissions](#), which amount to only 10 percent of the global total, but also—and more importantly—on using the bloc’s economic and political leverage to persuade the rest of the world to do likewise.

Finally, EU enlargement takes on quite a different character when viewed through the prism of geopolitics. The union has long focused mainly on candidate countries’ progress toward improving the rule of law and implementing a functioning market economy, as well as on the EU’s capacity to absorb new members. Now, enlargement is also a matter of ensuring that the Western Balkans remain oriented toward the EU and keeping the influences of China, Russia, and Turkey at bay.

### DOES THE EU HAVE WHAT IT TAKES?

The age of innocence is over. Many EU policies that evolved in a more benign environment now have to factor in power politics and become tougher and more responsive to changing circumstances. But is the EU equipped to face this challenge?

The central problem is that the EU's traditional business model is quite unsuited for the demands of the geopolitical age. Each strand of EU external policy—from trade, development, mobility, transportation, and connectivity to enlargement and the neighborhood—usually follows its own political dynamic, which is driven by member states' interests and powerful lobbies. The financing of EU action is regulated by multiannual plans and complex procedures, which allow little flexibility to respond to new developments. But geopolitical action demands bringing together all relevant policies behind comprehensive and coherent external action based on a strategic outlook. It also presupposes an ability to rapidly shift priorities and resources.

For many decades, the EU tended to depoliticize difficult issues by submitting them to long technical negotiations until a compromise was finally reached. This approach is no longer viable in the new era, when success depends on tough political choices, which often have to be made under acute time pressure.

EU institutions are hardly configured for the needs of the new situation. With its twenty-seven members, the commission has become an unwieldy and opaque institution. The European Council, which comprises EU heads of state and government, remains at the center of EU decisionmaking, but deep divisions limit its effectiveness. And the European Parliament emerged from the May 2019 election more fragmented and will find it more difficult than before to form a majority.

Making the EU fit for the geopolitical challenge will require more than incremental adjustments. What is needed is nothing less than a cultural revolution. Fortunately, the new EU leaders appear well aware of the need for change and have taken the first steps to

ensure better coordination among the strands of EU external policy. From now on, the EU should bear the following five considerations in mind.

### **Create a Team of Leaders**

Leadership is the key ingredient in developing the EU's ability to survive in an era of power politics. The union's fragmented leadership certainly counts among its biggest constraints on geopolitical action. The presidents of the commission and the European Council, the government that holds the EU's six-month rotating presidency, the high representative for foreign policy, and the presidents and prime ministers of the big countries all have leadership roles and ambitions. Sometimes these roles overlap, which can lead to fights and confusion. Sometimes no one steps up when leadership is badly needed.

The EU should therefore make it a priority to learn to operate as one coherent team with an efficient division of roles and well-functioning coordination mechanisms. Now, at the beginning of the union's new five-year institutional cycle, is the right moment to undertake this task.

### **Play to Your Strengths**

Greater external pressure can reduce cohesion. This is particularly evident in areas such as foreign policy, where the EU's level of integration is low. Forging agreement among the union's foreign ministers has become distinctly more difficult in recent years.

Where the EU has strong instruments, the picture looks more encouraging. Here, external pressure can bring member states together. EU trade policy has already



become more strategic in the face of Trump's America First approach. Recent agreements—in particular those with Japan and the South American trade bloc, Mercosur—have geopolitical significance insofar as they are designed to build strong international partnerships that can resist U.S. bullying.

On China, Brussels's recognition in spring 2019 that Beijing is not only a partner but also a systemic rival marks an important transition. The EU needs to monitor and, if necessary, constrain China's rising economic influence in Europe. But the union should not limit itself to a defensive stand. It must also find a proactive response to China's efforts to build a global network that is different from and, to some extent, at odds with the multilateral order favored by the EU. This should include [ramping up the EU's own connectivity projects](#) and making more generous offers of trade and investment for countries beyond the union's immediate neighborhood.

### Put Your Money Where Your Mouth Is

One of the richest regions in the world, Europe possesses a great geopolitical asset in financial firepower. At the time of writing, the union is entering the decisive stage of negotiations on its 2021–2027 budget, known as the Multiannual Financial Framework. The commission has proposed significant financing for tasks with geopolitical relevance, such as research, defense, border security, climate, and external relations.

Because of the financial hole resulting from the UK's exit from the EU, the fight over the union's level of funding and its allocation will be particularly fierce this time. It is crucial for the geopolitical ambitions of the new EU leaders that the union does not sacrifice the innovative programs in the proposed budget for the sake of safeguarding traditional areas of expenditure like agriculture and cohesion funds.

### Consider More Integration as the Best Geopolitics

In some areas, the best strategy to counter geopolitical pressure is to complete long-standing integration projects.

The euro remains the key to economic autonomy. Pushing ahead with the proposed banking union and capital markets union would help boost international use of the euro. That, in turn, would enhance Europe's financial autonomy and reduce the United States' ability to [weaponize the dollar](#) for political objectives. A well-functioning capital market would also benefit start-ups and significantly enhance Europe's competitiveness over China and the United States in areas of high technology.

The same holds true with regard to EU asylum and migration policies. Nothing makes the EU more vulnerable to pressures from authoritarian regimes than its own deep divisions in these areas. A reformed asylum system, more integrated migration policies, and better protection of the EU's external borders would greatly enhance the union's geopolitical position.

### Don't Give Up on Multilateralism

In entering this new era, the EU needs to be aware of the risks of the geopolitical approach. A worldview focused on the rivalry between power blocs produces a similar mindset to that of an arms race. Negative assumptions about other parties tend to become self-fulfilling prophecies. What looks to one side like a prudent defensive act comes across to the other as an aggressive act. Action and reaction can easily spiral down to a zero-sum world, in which everybody loses.

The EU's commitment to effective multilateral cooperation was not a fashion of a bygone time. Rather, it derives from the union's nature. As a diverse and

complex entity, the EU will never be entirely comfortable with power politics. In adjusting to the new situation, European leaders therefore need to make the EU more resilient and autonomous while safeguarding the good parts of globalization and preserving and reinforcing the remaining structures of a global order. Strong alliances with like-minded states across the world will be crucial in this regard.

## CONCLUSION

The greater external pressure of the geopolitical era produces both centrifugal and centripetal dynamics. In some respects, solidarity among EU member states seems to be weakening, whereas in others, the union appears to be resilient and capable of stronger collective action. It is too early to tell which of the two dynamics will ultimately prevail. Yet, it has already become clear that the new era does not call for radically new policies or for a fundamental reform of the institutions but rather for a change in the way the EU works.

The EU's traditional business model, which evolved at a time when an external protector absolved Europeans of the need to concern themselves with autonomy and resilience, is not fit for a world of power politics. Whether the EU can protect its interests and values in this new situation will depend on stronger leadership with greater focus, clearer strategic thinking, and more urgency and determination in getting results. Geopolitics begins at home.

## ABOUT THE AUTHOR

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## NOTES

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