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# INTERNATIONAL REPORTS

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SHAPING  
EUROPE  
PRAGMATICALLY



# INTERNATIONAL REPORTS

4 | 2023

## Editorial

Dear Readers,

There has been no shortage of wake-up calls for Europe in recent years: Russia first annexed Crimea and later invaded the whole of Ukraine, thereby launching a head-on attack on peace in Europe as we know it. On the other side of the Atlantic, Donald Trump won the presidency in 2016 – a man who questioned the security guarantees provided by the United States to its European allies. In our neighbourhood, in the Middle East, Islamist terrorists and their regional supporters are out to destroy Israel, the only democracy in the region. And authoritarian states looking to rewrite the international legal system established after 1945 are seeking alliances even with countries that we consider more aligned with our values.

The conclusion to be drawn from this panorama – that Europe should develop a greater capacity for action and self-assertion externally – is so obvious that it is hard for political players to ignore. So there is no lack of insight: “Europe must learn the language of power” – this is one of the phrases that tend to be used in this context.

And the reality? In a recent survey by the Konrad-Adenauer-Stiftung, fewer than four in ten Germans associate the European Union with the notion of “global strength”. This is no coincidence. The EU’s reaction to Russia’s attack on Ukraine may have been gratifyingly unified, yet almost two years after the start of the war, Europe is still unable to honour its promises in terms of military support for Kyiv, for example with regard to ammunition deliveries. And if Trump were to be re-elected, we would not be much better prepared than we were the first time round.

This also has to do with the fact that European policy debate tends to remain vague, consisting of fine-sounding yet often unrealistic visions of the future, along with almost imploring invocations that Europe should finally – and this time really – speak with one voice. There is nothing wrong with engaging in long-term debate about fundamental issues and setting out great ambitions. But these must not obscure the view of what has to take priority in light of the precarious global situation: a policy that focuses on pragmatic solutions and on the things that can be dealt with swiftly.

This applies in the field of **defence policy**. Ideas such as the creation of a European army are so far-reaching that they have little prospect of being realised in the near future, but there are some areas where concrete improvements could be made. One example is increasing the military power of the individual states. For example, Germany still has neither the capabilities to fulfil its key role in the conventional defence of Europe, nor a reliable plan as to how this might be achieved in the future. Another example is defence cooperation: here it is also up to national governments to play a facilitating role – if not in bringing to fruition a great pan-European project, then at least in advancing joint armaments projects between a limited number of states.

Concrete progress on such issues is also important because it would help take the wind out of the sails of those voices in America who primarily see the close ties maintained by the United States with the “Old World” as an unnecessary cost. It cannot be emphasised often enough: keeping the United States “in Europe” will remain the most effective means of ensuring our security for the foreseeable future.

In the area of **foreign policy** in general, too, there is no point in waiting forever for the moment when a unified European policy will suddenly be released onto the world. European foreign policy is and remains first and foremost the foreign policy of the European states – even though a determined Commission President has been able to strengthen Brussels’ foreign policy role in recent years, as Felix Müller shows in this issue of International Reports.

In many instances, a common European foreign policy is doomed to fail simply because the interests and positions of the current 27 member states are too heterogeneous. This is why the introduction of majority decision-making in this area has been under discussion for a long time. Such a procedure would indeed make it easier to arrive at decisions. Nonetheless, every member state – including those that have repeatedly blocked European agreements in the recent past – would have to agree to this change of procedure, which is why it is unlikely to happen in the foreseeable future. And even if it did come about: does the German government really want to risk being outvoted on foreign policy issues such as its stance on the war in the Middle East?

We should first devote our energy to achieving as much agreement as possible through constant dialogue within Europe – while at the same time acting in concert with those countries with which there is the greatest agreement.

Another area in which swift action is required is that of **EU enlargement policy**. As a space in which freedom and justice are upheld, the European Union continues to appeal to many people in its neighbourhood, even – or perhaps especially – if their government pursues a completely opposing course, as Jakob Wöllenstein illustrates in his article on Belarus. But there is no need to look as far as countries where EU membership will not be an issue in the near future. The number of actual membership candidates is already considerable. The six Western Balkan states have been on hold for almost 20 years, while Georgia, Moldova and Ukraine also applied for membership in 2022. The process is driven forward at an accelerated pace now, particularly in the case of the latter two countries, and rightly so. But this type of resolute approach is needed with regard to the Western Balkans, too. As these countries pursue their path into the EU, it is undisputed that the strict membership criteria must not be eased in such a way that we would end up being bigger but weaker as a community. But another thing is clear, too: in the course

of the enlargement process of the coming years, geostrategic considerations should play a greater role than in the past, since our aim must be to counter the influence of states such as Russia and China in our immediate neighbourhood.

Europe's economic strength – the area in which we still play in the same league as the United States and China – is also significant in terms of its potential for action. The primary objective of European **economic policy** should therefore be to ensure that our continent continues to be competitive. As Tim Peter emphasises in his article, the widespread idea, particularly on the left, that only ever-increasing – and preferably joint – debt will enable the sustainable restructuring of the European economy is misleading. Rather, long-term financial stability is the prerequisite for being able to make the necessary investments in the ecological and digital transformation on our continent. And ultimately, as in so many other areas, it comes down to the member states, too: it makes a difference who is in power in the European capitals. Marian Wendt and Eleftherios Petropoulos demonstrate this impressively in their article focusing on the example of Greece, which in recent years has shaken off the role of economic problem child.

European **energy policy** has seen major upheavals since 2022. Due to the loss of Russian gas supplies, Europe was faced with the challenge of having to meet its energy needs in other ways, while at the same time pushing ahead with its plans for decarbonising the energy sector. Although the EU as a whole has so far come through this crisis better than originally feared at the outbreak, it is still often a hindrance to itself due to a lack of flexibility, as Veronika Ertl and Philipp Dienstbier point out in their article on the plans for energy cooperation between the EU and the Gulf states. Europeans' current reluctance to consider natural gas supplies as part of such a cooperation in the longer term and to make concessions in their ambitious definitions of low-carbon hydrogen has not yet succeeded in bringing a single additional cubic metre of sustainable fuel from the Gulf to Europe, but it does threaten to push countries such as Saudi Arabia, Qatar and the United Arab Emirates further towards focusing on the Asian energy market.

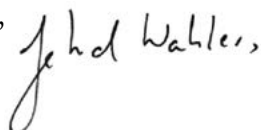
Few issues in Europe are currently as politically explosive as **migration policy**. As Lars Hänsel rightly points out in this issue, it will be vital to ensure more effective management of migration movements to Europe in future, not least because we have seen far too often in recent years that otherwise one of the ultimate achievements of European integration – namely people's freedom of movement within Europe – will gradually be lost. We should not become accustomed to trains having to stop at the first station after the German-Austrian border until the federal police have checked the papers of all passengers. It is a good sign that negotiations on a reform of European asylum law have recently made progress after years of deadlock. Now a leap of faith is required from those political forces in particular that have so far prioritised their ideological peace

of mind over a consideration of reality. After all, who stands to benefit if the parties in the political centre ignore the problem until those players in Brussels and the member states who have no interest whatsoever in striking a balance between humanity and control become even stronger? Polls currently suggest that the forces to the right of the European People's Party are still on the rise, as Olaf Wientzek highlights in his article.

All this does not mean that no thought should be given to long-term institutional reforms of the European Union and ways to achieve a more unified Europe. But until we come up with the premium solution – if this were ever to happen – we need to get on with the many small, less glamorous, but quickly achievable things that will enable us to survive in an uncomfortable global environment. Europe will remain a continent of diversity – and this also means a diversity of interests. The debate on how we can deal with these differences constructively and where we might simply leave them to one side instead of looking for uniform standards will also be crucial with a view to the European Parliament elections in early summer 2024.

I hope you find this report a stimulating read.

Yours,

A handwritten signature in black ink that reads "Gerhard Wahlers". The signature is written in a cursive, slightly slanted style.

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**Dr Gerhard Wahlers** is Editor of International Reports, Deputy Secretary General and Head of the Department European and International Cooperation of the Konrad-Adenauer-Stiftung (gerhard.wahlers@kas.de).




# SHAPING EUROPE PRAGMATICALLY



More on the 2024  
European Elections







Broad spectrum: In the European Parliament, left-wing and right-wing Eurosceptics, some of whom would rather have the EU dissolved, sit alongside the majority of pro-European forces. Neither of the two form a unified block, however.

Photo: © Philipp von Ditfurth, dpa, picture alliance.

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Shaping Europe Pragmatically

# “Perhaps We Need This Geopolitical Shock to Take Some Bold Steps”

European Policy in Times of Crisis and the Future of the EU beyond the Left and Right-wing Populists

An Interview with Lars Hänsel

Lars Hänsel, Head of the Europe and North America Department at the Konrad-Adenauer-Stiftung, talks to International Reports about Europe's response to the Russian war of aggression, the new interest in Eastern Europe and the need for an EU with a greater capacity to act – and he explains what constitutes Christian Democratic European policy.

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*International Reports (IR): Dr Hänsel, what is the first thing that comes to your mind when you hear the word “Europe”?*

**Lars Hänsel:** To me, Europe, and in particular the European Union, means an area of freedom. I'm from Saxony and for me personally the door to Europe opened when the Berlin Wall came down in 1989. I'm very grateful to be able to experience what we have now. Being familiar with the lack of freedom in the GDR, I particularly appreciate the freedom that we have in Europe today.

Moreover, I see the EU as a region of peace. My family experienced displacement and expulsion, and we constantly remind ourselves of what a difficult time that was. I think a lot of people now take for granted what we've achieved in the EU. But we shouldn't.

*IR: You mentioned Europe and the European Union. As you see it, how do those two terms relate to each other?*

**Hänsel:** All nations in Europe should potentially have the opportunity to become part of the European Union of course. This has been the case since the beginning of the EU: after all, Europe isn't just seen as a geographical area but also as a region with a shared historical experience and intellectual tradition. Manfred Weber, the leader of the European People's Party, likes to talk about the “European way of life”. In the 2019 European election campaign, he illustrated this by saying that in every place he campaigns in Europe, there's a church.

But there are obviously problems with this idea of an EU that is potentially identical to Europe: not every country wants to or is able to become part of the EU. Nor was any provision made for members to leave again, as happened in the case of the United Kingdom.

Geographically, Russia belongs to Europe too, at least in part. But the hope that Russia might become a state that fits into European structures in the post-Communist era has so far proved to be an illusion, also raising the question of how European the country is or can be at all in terms of its culture and values. Turkey is also a difficult case in many respects. And Switzerland, a central European country, has no wish at all to become part of the EU. So there will continue to be a difference between “Europe” and the “EU” for the foreseeable future.



Capacity to act, but not isolationism: The EU should be able to define and pursue its interests effectively. The more it succeeds at this task, the more attractive Europe will be to the US as a partner, says Lars Hänsel.  
Photo: © Al Drago, UPI Photo, Newscom, picture alliance.

*IR: Something that many people probably associate with Europe – or associated with it for a long time, despite the Balkan Wars – is the word “peace”. You mentioned it yourself. A major interstate war has now been raging in Europe again since 24 February 2022, when Russia began its attack on the whole of Ukraine. What are the main measures the EU has adopted in response to this attack and how do you assess this response?*

**Hänsel:** As I see it, the key reaction of the EU is that it has demon-

strated unity and determination. The war has brought the European Union closer together. There is a clear, shared understanding that Russian aggression must be resolutely opposed. That was not necessarily to be expected. There was an unambiguous condemnation of Russia, eleven sanctions packages have been jointly supported to date, and support for Ukraine is strong – politically and economically, as well as in terms of humanitarian aid and military assistance. Another point here is the fact that Ukraine was swiftly granted candidate country status. This united response is by no means to be taken for granted: after all, the dependencies and interests of the member states differ considerably.

*IR: Something that has come strongly to the fore in recent years is the issue of security policy and therefore the question of the EU's position with regard to Russia, and also with regard to the increasing competition between the United States and China. France's President Emmanuel Macron has repeatedly spoken out in favour of a "strategic autonomy" of the EU. It sounds good, but do you think it really is?*

**Hänsel:** I think Macron's idea is basically right. But the term "autonomy" sounds too much like isolationism to me. For this reason, I'd prefer to speak of "strategic sovereignty" and the capacity to act. The EU has to develop a greater capability to take action: that's the core of the idea. This applies not least to areas such as security and global trade, where stable supply chains and the availability of raw materials are at stake.

But it's important that this capacity to act is not understood as being directed against our transatlantic partners. Transatlantic relations are the foundation of our foreign policy. Our interests don't always overlap with those of the United States, of course – when it comes to China, for example. Unlike the United States, the EU doesn't view relations with China in the context of a global struggle for hegemony. But globally speaking, the EU's most important partner strategically and in terms of values is the United States. My experience in the US suggests to me that the Americans are better able to deal with us when we clearly formulate our own interests and demonstrate our capacity to act than when we are weak. It is important for us to strengthen the European pillar of NATO and achieve the two per cent target on a stable basis from now on. What is more, the greater our capacity to act, the more attractive we are to the United States as a partner.

*IR: And we could certainly do with this kind of partnership in the current global political situation, couldn't we?*

**Hänsel:** The geopolitical situation has indeed become more complicated. The BRICS expansion has shown that the West is under pressure and no longer naturally in a position of leadership. In view of this, we must not only preserve and strengthen the transatlantic partnership but also find our role as the EU. We need to rethink how we deal with states that do not necessarily share our values but with whom we can still pursue common interests. This is where values-based foreign policy reaches its limits. It's important for the EU to make attractive offers that take greater account of the partner's interests, too. "Smart cooperation" is the key idea here. This might be the EU's Global Gateway Initiative, for example – as a sustainable alternative to China's Belt and Road Initiative – where we also take greater account of the interests of the respective partner countries.

*IR: In view of the fact that many Eastern European EU members seem to have been more correct in their assessment of the threat posed by Russia than some of the Western European countries, there is now repeated talk of the EU's centre of strength shifting to the East, and in particular of the idea of the dual Franco-German leadership in the EU being obsolete. Is such a shift in power really taking place?*

**Hänsel:** I'd be cautious about that.

Yes, more attention is now being paid to the positions and interests of the Baltic states, the Czech Republic and Poland, for example. They never had any illusions about Russia's aggressiveness. Here in Germany, this attitude was often explained on the basis of the historical experience of these countries: it was relativised or not taken seriously. Now we can see that they were right and that it's better to listen to what they have to say. But I don't see this new interest translating into concrete political influence in Brussels. There are institutional reasons for this, too. Poland is not in the euro, for example, so it doesn't have a seat at the table when it comes to taking important decisions concerning the financial architecture.

What we need are fresh European stimuli, not least from Germany and France themselves, of course. But moving forward, we must also involve the Eastern Europeans more when it comes to shaping the future of the EU. We need to take their concerns more seriously and breathe new life into formats such as the Weimar Triangle, a forum in which France, Poland and Germany cooperate.

*IR: What ideas do these countries have about the future of Europe? In recent years, at least among the public here in Germany, the impression has not infrequently prevailed that Poland and Hungary in particular have thwarted agreements at the EU level rather than enabling them; to exaggerate somewhat, they always seem to have known exactly what they don't want, but have failed to develop a positive vision for Europe. Is this impression wrong?*

**Hänsel:** I don't think it's true to say that these countries only know

what they don't want. In Poland, there is now a government that will play a more constructive role at the European level. But expectations of Europe tend to be different in Central Eastern Europe. They have a more pragmatic approach to European policy. In this connection, the question arises as to how far the EU wants to go in certain policy areas where Central and Eastern Europeans are rather sceptical about further initiatives, such as LGBTI rights or education and family policy.

But there are also areas where Eastern European ideas are closer to ours than those of the Southern European nations, for example. It's possible to build bridges here. This is the case in the area of economic policy, for example. The Southern Europeans have a much stronger interest than we do in transferring competences to the EU level in the social sector, too, and in giving much more weight and priority to the issue of solidarity. In Eastern Europe, they tend to share our cautious position.



I believe that in general, when individual Eastern and Central European states and their positions come into conflict with “Brussels” or the German government, the discussion this triggers often reflects a very fundamental question that we have to answer with regard to European integration: where do we draw the line between what we want to allow as an expression of culturally and historically determined diversity within Europe and what must be subject to uniform standards and rules across the EU as a whole? For me, the crucial thing in this context is that Europe constitutes a common legal framework. If the basic rules of a democratic constitutional state are violated, that crosses the line.



More than just veto players: Many Central and Eastern European states work for a more pragmatic and limited European Union. In doing so, alongside some well-known differences, they also create overlapping interests with Germany, for example in the area of social policy. Photo: © Łukasz Gałgulski, epa, picture alliance.

*IR: Let's stay in Eastern Europe but go back to security policy for a moment. Even among our eastern neighbours, there are varying attitudes towards Russia. While in Poland or the Baltic states, for example, there is a very high level of solidarity with Ukraine and support for the country, Hungary is acting with much greater restraint. How do you account for this?*

**Hänsel:** First of all, it should be noted that all member states subscribe to European solidarity with Ukraine. All of them condemn the Russian war of aggression and support the sanctions. Nonetheless, the historical experience of the various states differs. This is striking in the case of Poland: the country has been the victim of Russian aggression several times and felt betrayed by the great powers when it was divided up among Prussia, Russia and Austria in the 18<sup>th</sup> century, for example, or by the Hitler-Stalin Pact in the 20<sup>th</sup> century. Poland is not only marked by the Communist period and Soviet control, it also harbours deep anti-Russian sentiment. For this reason, the country today attaches importance to being very strong itself, not least in military terms.

By contrast, despite having often been under foreign influence, Hungary was never a victim to the same extent as Poland. So the attitude towards Russia is different from that in Poland or the Baltic states. In addition, Hungary accuses Ukraine of failing to protect its Hungarian minority. And Hungary is heavily dependent on Russia for raw materials and energy supplies.

*IR: One issue on which the positions of Germany and some Eastern European states have repeatedly diverged in recent years is asylum and migration. A reform of the previous EU asylum rules - the Dublin Regulation - was discussed in June 2023 by the Council of EU Interior Ministers and is currently the subject of negotiations between the EU institutions. Roughly speaking, the plan is to reduce the overall influx from outside, but to distribute those with the prospect of staying more evenly among the member states. The reforms should make it possible for people from countries with a low recognition rate to go through the asylum process at the EU's external border and therefore not even enter the EU. Is all this going in the right direction - and does it go far enough?*

**Hänsel:** There is consensus that the challenge of migration cannot be solved nationally. Ultimately, we will only be able to solve the problem at the European level. The EU is in urgent need of crisis-proof, effective and fair asylum legislation. A credible refugee policy includes more effective external protection. Both are important: humanity and regulation. This is the only way to preserve one of the EU's great achievements, namely the Schengen area with its freedom of movement.

The Council's recent decision in June is an important step considering that the discussion process was completely paralysed for a long time. The mandatory border process is also a step in the right direction. But, as you mentioned, the trilogue between the EU institutions is not yet over and we have yet to see which measures are ultimately implemented. As we know, political forces such as the Greens are already calling for



more people to be exempted from the border process than was originally envisaged. If you make more and more exceptions, however, you undermine the reform, and that won't get us anywhere.

*IR: The European Union is often attacked by populists on the left and right and blamed for a host of ills. In its election manifesto for the European elections, the AfD (Alternative for Germany) calls the EU a “failed project”, for example. How should such sweeping criticism be countered?*

**Hänsel:** To call the EU a failed project is absolute nonsense of course.

The EU's success starts with the issue of security: the EU is an area of peace, something that is by no means to be taken for granted, as I have already mentioned. And our prosperity is closely linked to the EU. The European Union is the largest single market in the world and is the prerequisite for us to be able to hold our own globally. Moreover, the EU is a judicial area from which many people benefit. Take consumer protection, for example: you might get annoyed at some of the details, but in principle it means that everyone in the EU enjoys a great deal of protection. As an example: when parents buy children's toys, they can rely on the quality.

So it's about these very concrete, tangible things, too: from travel without border controls and roaming for mobile phones through to freedom of establishment and study programmes such as Erasmus. It's not for nothing that so many countries want to join the EU. The European Union is a historic success story: if we didn't have it, we'd have to invent it. But fortunately public figures such as Konrad Adenauer, Robert Schumann and Alcide de Gasperi did the groundwork for us.

*IR: Beyond populist blanket criticism: where do you see actual weaknesses within the EU that need to be addressed?*

**Hänsel:** The EU has to increase its capacity to act – that's the biggest

challenge as I see it. To do this, it has to pool its efforts, which means to concentrate on the things that really need to be done at the European level, but then really do them properly while at the same time staying away from the issues that are not so important. Big on big things, small on small things – that's the motto.

The issue of EU enlargement is an important one. We need to address this. We've been stalling the Balkan states for a long time. Now we have a new geopolitical situation in which it's crucial for the EU to gain clout, not least through enlargement.

But this enlargement must be accompanied by institutional reforms that strengthen the EU's capacity to act. It's already the case that we have veto players who make it difficult for us to take strategic decisions. But the idea of institutional reforms is controversial: the Eastern Europeans are against an extension of majority voting, for example. There's a dilemma here: you have to proceed carefully, step by step, if you want to get everyone on board with the reforms. And yet we don't really have the time for this. We need to be able to make majority decisions quickly so that we are more agile.

*IR: How likely do you think it is that this dilemma will be resolved?*

**Hänsel:** My perception is that there is a growing awareness that change is needed in terms of the institutional set-up. This is connected with the geopolitical shift and the increasing pressure on the EU. If we fail to move, we will increasingly become the object of history rather than the subject.

And part of the history of the EU is that it sometimes took crises to make progress. The fact that we have a more stable banking system today goes back to the 2008 financial crisis. Perhaps we need this geopolitical shock to take some bold steps.

*IR: As you mentioned, the countries of the Western Balkans have wanted to join the EU for many years. Ukraine, Georgia and the Republic of Moldova submitted their applications in 2022. Should we process these applications according to the – sometimes rather technocratic – procedure we have been using to date and strictly insist that they meet all the accession conditions, or should these questions be decided on more quickly, with a view to the political message they send out?*

**Hänsel:** Since the Russian attack on Ukraine and other geopolitical shifts, the accession issue is now being viewed in a new strategic light. Geopolitical arguments are becoming more important – as indeed they must. The accession issue surrounding the Western Balkan countries has gained fresh momentum; we're now giving these countries clear prospects. At the same time, the candidate countries certainly have to advance reforms, especially in the area of the rule of law – the EU cannot and should not make any compromises here. Otherwise it would be under threat from the inside.

The President of the Commission recently emphasised once again that the door is wide open to the Western Balkan states, and Council President Charles Michael mentioned the year 2030 as a target for when he could imagine both sides being ready for membership. I think it's risky to set a date since it carries the risk of new frustrations. The main thing is to help the candidate countries make rapid progress on reforms. They need a realistic and credible perspective to keep them on their path to the EU.

*IR: The European elections will be taking place in early summer 2024. Elections are always about alternatives and different ideas of how to shape the community. How does the Christian Democratic idea of the European Union differ from that of left-wing parties, and also from that of right-wing populists?*

**Hänsel:** There are differing positions among the right-wing populists. For example, not all of them share the AfD's view that the EU should be dissolved and refounded. In principle, I see the right-wing populists as sharing a preference for an EU in which a minimum of sovereignty is transferred and the sovereign nation states are the pivotal actors. Joint action is then limited to a few areas.

By contrast, the Christian Democratic approach is to strike a sound balance between shared European sovereignty and nation-state sovereignty. Subsidiarity is crucial in achieving this balance. Sovereignty should not simply be transferred to Brussels: there should be a precise definition of what everyone wants to do together – and what they do not. Sovereignty should be transferred if – and only if – this works better or if it can only be effective at all at the European level.

We regard the EU neither as a federal state nor as a loose community of states. The EU must have supranational elements: only then is it capable of acting globally and only then can it play a relevant geopolitical role. Unlike the left, however, we don't want to transfer further competences across the board, including on socio-political issues but also with regard to finance. Unlike the left, we don't want debt mutualisation. Unlike the right-wing populists, however, we recognise the value of the euro as a common currency that should be preserved and strengthened.

We're basically back to the question I referred to earlier in our conversation: where do we draw the line between what we have to decide on jointly so that Europe is capable of acting as a democratic area under the rule of law, and what the individual states should regulate themselves in all their diversity? Christian Democrats are in the political centre here, too.

*The interview was conducted by Sören Soika and Fabian Wagener – translated from German.*

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[Shaping Europe Pragmatically](#)

# In Search of Majorities

The Positioning and Future of the European People's  
Party in a Changing Party System

Olaf Wientzek

The European People's Party (EPP) has played a key role in shaping European politics over the past decades. Recently, however, it has repeatedly found itself in a difficult position, caught between left-wing and liberal forces on the one hand and right-wing parties becoming stronger on the other. Which partners can and should the EPP join forces with to implement its ideas for shaping the EU's future? And where will its place be in the European party landscape of the future?

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### **The EPP as a Driver of the European Unification Process**

Since its foundation in 1976, the European People's Party has been one of the two major European political families and a central player in the European integration process.<sup>1</sup> No other party family has so many different national parties (83, of which 49 are in the EU). It has taken at least second place in all elections to the European Parliament and has been the largest group in the European Parliament without interruption since 1999. Many heads of state and government in the European Council have come from its ranks and continue to do so (more than half at particularly successful times). In total, it has provided eight presidents of the European Parliament, six leaders of the European Commission and two of the presidents of the European Council to date. Several heads of government from the EPP family, such as Helmut Kohl, Wilfried Martens and Angela Merkel, have left a lasting mark on European unification. The EPP has always seen itself as a driving force and pillar of the European unification process.<sup>2</sup>

The EPP's most important competitor has traditionally been the Party of European Socialists (PES): at their peak, the two major political families together provided up to two thirds of the Members of the European Parliament (MEPs), and together with the Liberal group, around three quarters of the seats.<sup>3</sup> The major European political groups have dominated the

European Council to a similar extent, too. The party landscape has since seen gradual change: firstly through the rise of the (European) Greens, who won more than ten per cent of the seats in the European Parliament for the first time in 2019; and secondly as a result of the strengthening of right-wing populist and far-right movements at the European and national level. The days when a grand coalition of EPP and Social Democrats – usually more or less supported by the Liberals – sufficed in Brussels are long gone (see figure 1). In the European Parliament, only 45 per cent of MEPs currently come from the two major political groups. Taking current national polls as a basis, the EPP would win 23.75 per cent of the seats in the European Parliament elections (assuming 720 seats in the future), and the Social Democrats approximately 20 per cent (see figure 2).

The situation in the European Council has also changed. As of 13 December 2023, of the 27 heads of state and government in the European Council, 10 were affiliated with EPP partner parties and only 5 (6 if you include Slovak Prime Minister Robert Fico whose party is currently suspended from the PES) from the Social Democrats and Socialists. Three members of the European Council were politically to the right of the EPP.

Thanks to its central position in the past decades, key integration projects also bear the EPP's signature, including the single market, monetary union, foreign trade policy, the Schengen area and the EU's asylum and migration policy.

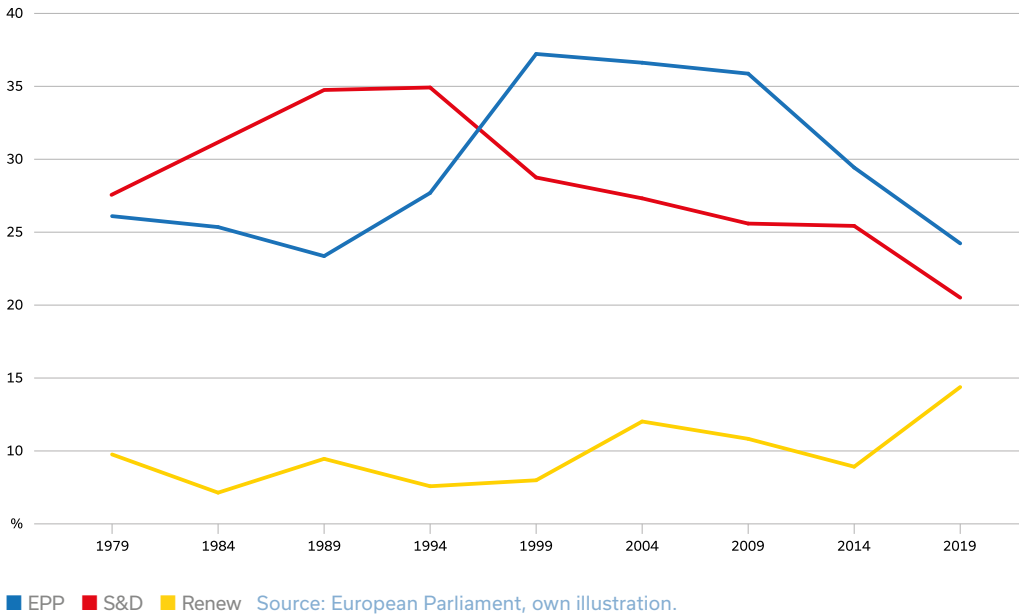
## From Christian Democratic Core to the Largest Force in Europe

The line-up of the EPP and the EPP Group has been in a constant state of flux from the very beginning: in 1976, the EPP was founded by Christian Democratic parties from Germany, France, Italy, the Benelux countries and Ireland.<sup>4</sup> Today, only a quarter of the MEPs in the Group are from these founding parties, and only two heads of state and government in the

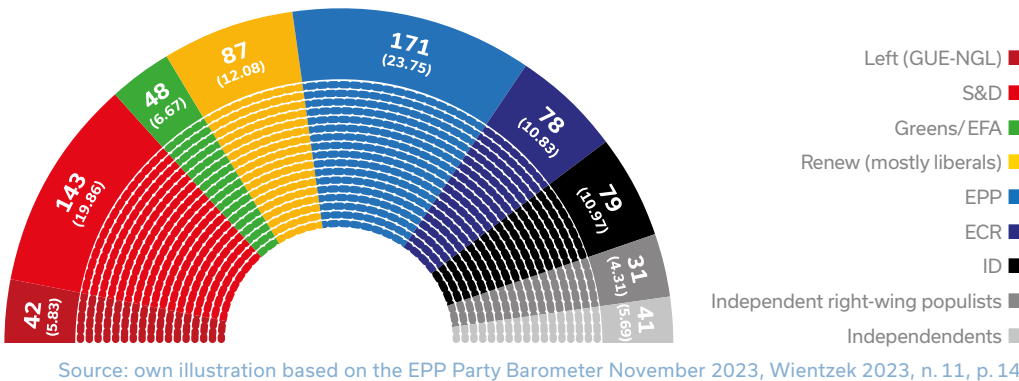
European Council. The question quickly arose as to the possible admission of conservative and liberal parties, such as those in Spain or France. This was given the green light – supported among others by the then CDU leader Helmut Kohl.

One aspect of central importance was the proactive strategy pursued in the 1990s towards new parties from EU candidate countries from Central Eastern and South Eastern Europa that

**Fig. 1: Share of Seats Held by the Three Largest Party Families in the European Parliament following Past European Elections**



**Fig. 2: Make-up of the European Parliament Forecast on the Basis of Current Predominantly National Polls (as of 23 Nov 2023, Share of Seats in Per Cent Shown in Brackets)**



**Fig. 3: Parliamentary Groups in the European Parliament and Selected National Member Parties**

Faction		Selected national member parties
■ ID	Identity and Democracy	Lega (Italy), Rassemblement National (France), AfD (Germany), FPÖ (Austria)
■ ECR	European Conservatives and Reformists	PiS (Poland), Fratelli d'Italia (Italy), Vox (Spain), ODS (Czechia), Sweden Democrats (Sweden)
■ EPP	European People's Party (Christian Democrats)	CDU (Germany), Partido Popular (Spain), PO (Poland), Néa Dimokratía (Greece), ÖVP (Austria)
■ Renew	Renew Europe	Ciudadanos (Spain), Mouvement démocrate (France), Renaissance (France), FDP (Germany)
■ Greens/EFA	The Greens / European Free Alliance	Bündnis 90/Die Grünen (Germany), Europe Écologie – Les Verts (France), GroenLinks (Netherlands)
■ S&D	Socialists & Democrats	PSOE (Spain), SPD (Germany), Partito Democratico (Italy), Parti Socialiste (France), SPÖ (Austria)
■ GUE-NGL	European United Left & Nordic Green Left	Die Linke (Germany), La France insoumise (France), Syriza (Greece)

Source: own compilation.

emerged in the course of the democratic transformation process. The strategy orchestrated by the then Secretary General of the EPP, Klaus Welle, and EPP President Wilfried Martens, in consultation with the national member parties, was successful in several respects. For example, it was pivotal in the EPP permanently replacing the PES as the largest force in the European Parliament in 1999 – something that still has an impact to this day: the EPP owed its electoral victory in 2019 primarily to its above-average performance in Central Eastern and South Eastern Europe.<sup>5</sup> This strategy has also impacted positively on the European integration process: the anchoring of numerous parties from the accession countries in one of the large pro-European political families has facilitated the acceptance of the European integration process in those countries. At the initiative of the then Secretary General, the EPP formulated a list of criteria for admission to the political family in the mid-1990s in the course of this enlargement process:<sup>6</sup>

1. a result of at least ten per cent in the last general election or at least five per cent in the last two general elections;
2. no split in the past two years;

3. membership of the EPP Group in the European Parliament or with the respective EPP Groups in parliamentary assemblies (such as the Council of Europe);
4. commitment of the party to the European integration process (on the basis of a federal model). The party programme must reflect the guiding notion of personalism (i. e. both freedom and responsibility) and acknowledge the principle of subsidiarity.

The latter programmatic criterion in particular marks a clear distinction from Eurosceptic forces, but it is also a feature that distinguishes the EPP from the other political groups. In connection with the current discussions on how to deal with the parties to the right of the European People's Party, EPP President Manfred Weber specified three criteria for "cooperation" in 2023: pro Europe, pro Ukraine and pro rule of law<sup>7</sup> – here explicitly distinguishing the EPP from the German AfD, the French Rassemblement National and the Polish PiS. Two other aspects were later mentioned by representatives of the EPP leadership: there should be no cooperation with new parties if such cooperation is opposed by current members of the EPP

political family, and programmatic proximity should be ensured.

In the course of the very broad expansion of the EPP, discussions have also arisen regarding its absorption capacity – in terms of both ideas and organisation: an ideas paper prepared by a member of an EPP working group in 2010 expressed concern at the impact of admitting new parties too quickly, not least in terms of the coherence and image of the EPP political family, and proposed a number of measures for a more

precise screening and stronger support (“godparenthood”) for new parties by established EPP partner parties.<sup>8</sup>

### **How Should Parties to the Right of the EPP Be Dealt With? A Look Back at the Past**

For more than 20 years, member parties of the EPP have increasingly had to address the question of how to position themselves vis-à-vis right-wing conservative, right-wing populist and extreme right-wing parties at the national



Pro Europe, pro Ukraine and pro rule of law: These were the criteria that EPP President Manfred Weber named for possible cooperation with parties to the right of the European People's Party – thus clearly distinguishing his party from political forces such as the German AfD, the French Rassemblement National and the Polish PiS.  
Photo: © Frank Hoermann, Sven Simon, picture alliance.



level. In doing so, they have adopted very varied strategies, including a rightward shift in narrative and policy, minority coalitions tolerated by far-right parties, and participation in government. In many countries, however, the opposite approach still prevails: a policy of strict non-cooperation. Some of the strategies chosen have given rise to controversy: in 2000, the coalition between Austria's conservative ÖVP and the far-right FPÖ led to a serious crisis not just in the EU but also within the EPP.<sup>9</sup> There are now hardly any countries in which there is no significant party to the right of the EPP, and cooperation can be observed in several countries. For a long time, the rule seemed to be that a pro-European centre-right government and a pro-European centre-left government would alternate in the EU member states, guaranteeing a certain degree of predictability but also a reliable and steady support for the European integration process, but this now no longer holds true either.

## Forces to the right of the EPP are likely to grow stronger in the European elections in June.

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In the European Parliament, too, there have been parties to the right of the EPP ever since the first elections to the parliament in 1979. Initially, these were rather Eurosceptic conservatives. Since 1984, however, anti-European and far-right forces (including the Front National) have sat in the parliament, too. For a long time, the number of MEPs to the right of the EPP was fairly modest. Later, divergences and animosities between these parties often prevented the formation of a strong parliamentary group to the right of the EPP. Due to the strong position of the “grand coalition” in the European Parliament, the EPP usually did not need votes from parties to its right to find a majority at the European level.

Remarkably, over the past almost five decades, the EPP repeatedly succeeded in winning over – either temporarily or permanently – parties that

had joined more conservative and Eurosceptic party alliances (formerly Union for Europe, later Union for Europe of the Nations, now the European Conservatives and Reformists Group – ECR): at the end of the 1990s, Forza Italia and the Gaullist RPR (the party of Jacques Chirac) switched from the Union for Europe to the EPP Group, as did the small Portuguese Christian conservative party CDS-PP. As a result of the former in particular, the EPP secured a strong position in France and Italy and promoted the increasingly moderate stance being adopted by these parties on European policy as a result of the responsibility they had assumed in government. From then on, Forza Italia, which was successfully integrated into the EPP group by EPP Group Chairman Hans-Gert Pötering, became a very reliable member in terms of its voting behaviour for a long time.<sup>10</sup>

A more recent example is the Slovak conservative party OĽaNO, which originally joined the ECR Group in the European Parliament in 2014 before switching to the EPP Group in 2019. One only intermittently successful partnership was between the EPP and the European Democrats (ED), which included the British Conservatives and the liberal-conservative Czech ODS from 1999 to 2009.

### Changed Overall Situation in Brussels and Strasbourg

Given some of the developments of the past four years, the discussion about how the EPP should deal with parties to its right is taking place in a different context in several respects: in 2019, the very close election of Commission President Ursula von der Leyen probably also succeeded with votes from the ECR Group, and in 2021, after numerous controversies and suspension of membership, Hungary's Fidesz left the EPP.

Looking ahead to the forthcoming European elections, there are signs that forces to the right of the EPP are likely to grow stronger: if current polls are anything to go by, there may be a pool of some 180 to 190 MEPs in the next European Parliament who belong to parties to the right of

the EPP. Together, therefore, they would possibly be stronger than the EPP (which – before the possible inclusion of as yet unaffiliated parties – would be at around 170 to 175, according to current opinion polls). Both the far-right group Identity and Democracy (ID) and the ECR Group would hold more than ten per cent of the seats.<sup>11</sup> The Greens and likely also the Liberals could lose seats. Renew is even in danger of losing the third place either to the ECR or the ID. There is much to suggest that it would take the united support of at least three major political groups to gain a stable majority in the European Parliament.

Parallel to this, programmatic differences between the EPP and the three other pro-European political groups have increased recently: in 2023, for example, the EPP has been unsuccessful in votes on individual projects in connection with the European Green Deal – such as the Nature restoration law in July 2023 – by a narrow margin<sup>12</sup> against a broad alliance of the Left, Greens and the liberal group in particular. Even if, as things stand, the EPP has a good chance of becoming the strongest force once again, recent experience raises questions in terms of the constellations needed for it to be able to implement its ideas in terms of both personnel and programme. Accordingly, there has recently been repeated speculation about “cooperation” between the EPP and the ECR (or some of the parties belonging to the ECR) – modelled on the governing coalition in Czechia, which is formed almost exclusively of EPP and ECR parties.

### **Anything But Homogeneous: The Parties to the Right of the EPP**

The parties to the right of the EPP are a very diverse group, currently largely divided into two political groups at the EP: the Eurosceptic, more nationally conservative ECR (which also includes a number of right-wing populist parties, however) and the clearly far-right populist ID. There are also some parties (including Hungary’s Fidesz) that are independent of any parliamentary group. The range of parties represented here is enormous, so they cannot be perceived

as a coherent group: the ECR includes the ODS, which leads a coalition with EPP parties in Czechia and whose current orientation is largely compatible with the EPP. Liberal-conservative MEPs from the Flemish nationalist N-VA are also to be found here. The EPP was in a parliamentary group with the ODS for ten years (at the time of the EPP-ED parliamentary group mentioned above).

However, the majority of the MEPs in the ECR belong to parties with which the overlaps in European policy are significantly smaller and which in particular do not meet one (and in some cases either) of the first two of the three criteria put forward by Manfred Weber – pro EU, pro rule of law, pro-Ukraine – such as the right-wing populist Vox, the Polish national conservative PiS, the Sweden Democrats, the Finns Party and the Dutch JA21. With its pragmatic course on European policy under the current leader, the ODS is an exception rather than the rule, even within its own parliamentary group. The ECR also includes Fratelli d’Italia, the party of the Italian head of government, Giorgia Meloni.

### **The formation of a large parliamentary group to the right of the EPP seems illusory for the time being.**

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The ID is dominated by right-wing populist and right-wing extremist parties (including the AfD, the Rassemblement National, Lega, the FPÖ and the Czech SPD): here, programmatic reasons alone are enough for the EPP to rule out cooperation. In the past, there have been efforts – as yet unsuccessful – to form a joint far-right faction of parties from the ECR and the ID. Overlaps in programme between the two existing parliamentary groups are to be found in their Eurosceptic orientation (of differing degrees), harsh criticism of the European Commission, and also in terms of their votes and positions on migration and asylum policy; otherwise, however, the

parties of the two parliamentary groups have little in common. What might be the last major attempt to initiate such cooperation dates back to 2 July 2021, when 16 parties from the two groups – including the PiS, the Rassemblement National, Lega, Fidesz, the FPÖ but also Meloni’s Fratelli d’Italia – voiced massive criticism of EU policy. All in all, that statement reflected a European policy stance that is incompatible with the EPP.<sup>13</sup> One noteworthy point here is that the AfD was not involved in that initiative. Not least the enormous differences between the ECR (pro-Ukraine) and the parties in the ID (pro-Russian orientation) in connection with the war in Ukraine make close cooperation and the formation of a large parliamentary group to the right of the EPP seem illusory for the time being. However, the 2021 initiative and also earlier initiatives highlight the fact that the majority of these parties have limited compatibility with the EPP in terms of their position on Europe.

### Partners in the Political Centre

When considering the potential for cooperation and also the potential for expansion to include new parties, the first place to look is at forces that are still unaffiliated and are not in the right-wing populist camp. Close partners could include new political forces in the Netherlands with roots in their country’s EPP partner party (CDA), for example the new NSC party.

The liberal Renew parliamentary group also includes some parties that have significant ideological overlaps with the EPP and do not belong to the (left) liberal core of the political family – the Portuguese PSD and the Romanian PNL are among those that have switched to the EPP in the past. What is more, it is not known what will become of Emmanuel Macron’s party – Renaissance – which has absorbed numerous figures from the centre-right spectrum in recent years and is the largest group within Renew. So in terms of its long-term strategic orientation – as in the 1990s – the EPP should turn its gaze not only in the direction of conservative parties but also to centrist and liberal parties. It should also be noted that the EPP Group traditionally has

the greatest voting overlap with the Liberals on most issues in the European Parliament – to a greater extent than with the ECR.

## The EPP is inherently committed to the European unification process as well as to democracy, freedom and the rule of law.

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### What Strategy Should the EPP Adopt?

When talking about cooperation between the EPP and other parties or parliamentary groups, a distinction can be drawn between three forms of political cooperation:

1. The lowest threshold is collaboration between the EPP and another group in the European Parliament – be it of a structural nature in the form of a coalition or on an ad hoc basis on specific issues.
2. A higher-threshold form of cooperation would be to actually join the EPP Group: parties that are still unaffiliated often join a parliamentary group after the elections and before parliamentary groups are formed (though without becoming a member of the party). Transfers from other political families are also quite common, however. It is possible both to join and leave a parliamentary group without having to go through a lengthy procedure. However, the admission of a larger group to the parliamentary faction in particular has a significant impact on the balance of power in the group and on its programmatic orientation and strategy. A party that could bring 20+ members of parliament (such as Fratelli d’Italia, if current polls are anything to go by) would put forward a claim to be proactively involved in decision-making and the exercise of power.
3. The closest possible form of cooperation is the admission of a party to the EPP party family. This would presuppose ideological

coherence and requires basic trust in the party's programmatic compatibility, reliability and also structural sustainability. The admission of a party as a full member gives it access to party bodies with voting rights and hence the opportunity to leave a lasting mark on the political family. The EPP thus requires candidates to undergo a process consisting of several stages here. Moreover, past experience has shown that ousting parties is a lengthy process with fairly high hurdles, which – as in the case of Fidesz – can cause considerable upheavals within the EPP political family itself.

### **The EPP should not allow itself to be beguiled by simplistic slogans that invoke the cohesion of pro-European forces at all costs.**

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Before looking at coalition options and a possible opening to the right – the size of a political family is not an end in itself – the question for the EPP is what vision it has for the EU and what priorities it wishes to set in the coming legislative period and beyond. If we look at the DNA of the EPP, as well as that of the overwhelming majority of its member parties, the prevailing idea is a clear commitment to the European unification process and its main achievements, as well as to democracy, freedom and the rule of law. Any departure from these core values would not be supported by a majority of its members. The guiding principles of the EPP also traditionally include a clear commitment to the transatlantic partnership and to the social market economy, based on responsibility, solidarity, solidity and subsidiarity.

In view of the challenges facing the EU, obvious points to address would be the strengthening of competitiveness, a comprehensive concept of sustainability that includes not only the environmental aspects but also the financial, economic and social dimensions, support for Ukraine, a

pragmatic asylum and migration policy, and advocacy for a free democratic world order. A paper by the EPP-affiliated Martens Centre identifies “seven Ds”<sup>14</sup> here as both challenges and priorities for action: defence, debt, digitalisation, demography, democracy, de-carbonisation and de-risking globalisation.

The next step would be for the EPP to consider which constellations would enable its priorities to be implemented most effectively. If the EPP remained true to the guiding principles it has followed to date and set the above-mentioned priorities, there would still be large areas of overlap with the political groups of the other pro-European forces – above all the Liberals. At the same time, the EPP should not already bind itself unconditionally to a left-liberal alliance of Socialists, Liberals and Greens in every policy area – not least because it otherwise risks the forces to its right filling the ensuing gaps, e.g. in the areas of migration, environmental and energy policy. In this connection, too, the EPP should not allow itself to be beguiled by simplistic slogans that invoke the cohesion of pro-European forces at all costs. The EPP was given an impressive demonstration of just how much such sometimes pompous appeals are worth in 2019 when Liberals and Socialists quickly abandoned the *Spitzenkandidat* principle, thereby destroying the chances of the EPP's *Spitzenkandidat* Manfred Weber of being elected to the office of Commission President.

At the same time, there are currently limits to the desire for alternative alliances: the ODS – which is currently certainly compatible with the EPP and has indeed signalled an interest in closer cooperation – does not represent the majority view of the present ECR parliamentary group in its current orientation. At the same time, it is in the interests of the EPP not to cut off any possibility of pragmatic collaboration with constructive forces in the ECR. This applies to issues of personnel policy as well: the European Council plays an essential role in determining the President of the Commission, and the heads of state and government of two countries are from the ECR Group. How promising any ad hoc cooperation with the ECR might be depends not least on the



On the rise: Italian Prime Minister Giorgia Meloni's party could replace Poland's PiS as the strongest force among the "European Conservatives and Reformists" after the 2024 European elections. In the picture, Meloni and German Chancellor Olaf Scholz are seen at a meeting in February 2023. Photo: © Bernd von Jutrczenka, dpa, picture alliance.

dynamics within the ECR parliamentary group: Fratelli d'Italia could overtake the Polish PiS and become the largest member in the 2024 European Parliament elections. Should the Fratelli d'Italia maintain the comparatively pragmatic course that Meloni has adopted since assuming government responsibility in the European Parliament as well, the ECR could possibly become a more constructive partner. A formal permanent coalition with the ECR and without the Socialists is hardly realistic as it will likely not have the necessary numbers. The Liberals, the EPP and the ECR would currently gain 330 to 340 seats (see figure 2), but in view of the lack of compulsory

unanimity within a parliamentary group in the European Parliament, a viable coalition actually really needs 390 to 400 seats. Furthermore, leading Liberals have already clearly distanced themselves from the possibility of such a "centre-right" alliance.<sup>15</sup> It should also be borne in mind that given the EPP's own internal diversity, a lasting and more vehement left-right confrontation in the European Parliament could be a stress test for the EPP, too.

With regard to the second form of cooperation – the admission of new parties to the EPP Group – it is crucial to bear in mind that the inclusion of

larger parties in particular changes the ideological orientation and the balance of power within the faction. In the hypothetical case of Fratelli d'Italia, or an alliance under its leadership, being admitted, much would depend on the line-up of this new delegation – whether it was made up of pragmatic forces or in fact of far-right actors. The inclusion of a controversial party in the parliamentary group could also lead to alienation and an exodus of long-serving members. The founding Christian Democratic EPP parties from the Benelux countries, for example, have repeatedly warned against admitting Eurosceptic forces, and they called for the exclusion of Fidesz early on; they are also among the forces critical of admitting Fratelli. Other forces considered this step to be at least premature at the present time. Although together they have fewer MEPs than Fidesz, they have demonstrated above-average participation in the EPP for decades, and the Dutch in particular are close to the German Christian Democrats. Admission of the Flemish nationalist N-VA to the EPP Group could meet with similar resistance – not least from parties that are confronted with separatist parties in their own countries.

### **It is important to identify potential partners early and to maintain communication channels.**

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On the other hand, the admission of new parties to the parliamentary faction (without simultaneous admission to the political family) could enable forces to prove themselves in the European Parliament and in the day-to-day work, thereby strengthening mutual understanding. What is more, it is important not to underestimate the socialising power of the parliamentary group itself. This is especially true of new forces that are still unaffiliated. The admission of a party such as Fratelli d'Italia – which was still supporting European policy positions incompatible with the EPP in 2021 (see above) – can only succeed if its European policy orientation has changed credibly and

sustainably since then. The triad of “pro EU, pro Ukraine, pro rule of law” is a necessary precondition for cooperation based on trust, but for an entire legislative period it is not sufficient on its own. Ultimately, the influence of a political group in the European Parliament is measured not only by its size, but also by its unity. For this reason, an important criterion for new admissions should be that a high degree of loyalty can be expected. The admission of Fratelli d'Italia is not currently on the agenda anyway.

The closest possible form of cooperation – admission to the European People's Party – should be weighed up particularly carefully. Not only arithmetic should be considered here but also ideological compatibility and therefore the political family's absorption capacity. The EPP's broad line-up provides flexibility, but its parties are held together by a fundamentally pro-European and pro-integration consensus: questioning this would probably plunge the political family into a crisis. The criteria for joining the EPP formulated in the 1990s – updated with a view to current challenges (pro Ukraine and pro rule of law) and with a clear focus on programmatic compatibility – ought to provide a solid basis for future admissions practice. Serious consideration should also be given to the idea of “godparenthood” for newly admitted parties, as was suggested in 2010.

At the same time, as in the 1990s – while continuing to remain cautious with regard to admitting potential (large) new members – it is important to plan ahead, identify potential future partners at an early stage and maintain channels of communication. For a political family that sees itself as a “people's party” and aspires to shape the future accordingly, it is not a satisfactory state of affairs in the long run to be below ten per cent in France and Italy, i.e. two of the largest EU countries. The EPP should therefore closely follow developments in the centre and centre-right spectrum in these two countries, provide support and encourage a possible change in Italy towards a constructive European policy orientation, for example – not least in order to prevent new attempts to form a major force to the right of the EPP in the long term. If they establish themselves in the Italian

party system as the most important force within the conservative spectrum, Fratelli d'Italia (or a successor party) could otherwise become a key centre of power for such an alliance to the right of the EPP. It would also serve the European integration process if, in the long term, a situation were to arise in France and Italy in which more than one pro-European force existed in the broader political centre with a realistic prospect of leading a government.

Due to its internal diversity and its history marked by several waves of enlargement, the EPP already performs an important bridging function between various political forces – more so than other European political families. As it has already done several times in its 47-year history, it will face the important challenge in the coming years of positioning itself with a clear vision regarding key issues that confront the EU based on its core values, while at the same time responding to developments in the party systems of its member states and attracting new forces in the medium term.

The EPP will remain a central pillar of the European unification process after the 2024 elections. Its positioning in the European party system and its strategy vis-à-vis the parties to its right will have consequences not only for itself but also for the further advancement of the European unification project.

*– translated from German –*

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[Shaping Europe Pragmatically](#)

# The EU as a Global Power?

The “Geopolitical Commission” between Ambition and Reality

Felix Manuel Müller



The term of office of the European Commission led by Ursula von der Leyen is drawing to a close. It started out with the aspiration to be a “geopolitical Commission”. But even though the administration set priorities in the COVID-19 pandemic and in the face of the Russian war against Ukraine, there is still a gap between aspiration and reality in the EU’s external action outside of acute crises.

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### **The Geopolitical Ambition of the European Commission**

A new European Commission took up its work at the end of 2019, explicitly aspiring from the very beginning to take on a highly active role in shaping foreign policy. Its President, Ursula von der Leyen, repeatedly emphasised that it was her aim to lead a “geopolitical Commission”. The EU’s High Representative for Foreign Affairs and Security Policy, Josep Borrell, also called for the EU to “relearn the language of power” and to see itself as a “top-tier geostrategic actor”.<sup>1</sup>

These statements indicated a shift in self-perception. After all, the EU was long considered a “normative power”<sup>2</sup> that cultivates a culture of political restraint and attempts to influence its partners through the use of “soft power” – power that is not based on military coercion or economic pressure, but on the attractiveness of ideals, values and political institutions.

It is true that for several decades now there have been calls for the EU to take on a more active foreign policy role. But in a changed global context, these resonate much more widely. The world order is in upheaval. In particular, the gradual erosion of rules-based multilateralism as a fundamental principle of international relations, the deterioration of transatlantic relations during the Donald Trump presidency, Brexit, the Russian war of aggression against Ukraine and the intensifying Sino-American rivalry are all developments that give cause for concern from a European perspective. As a result of these global political developments, there is

growing pressure on the EU to adapt its self-image to the global power dynamics. These are not only determined based on norms and rules: they are increasingly shaped by geopolitical and also geo-economic factors.

In view of poorly developed and relatively diffuse foreign policy decision-making competences, however, it has appeared questionable whether the ambition of a “geopolitical Commission” can be aligned with practical realities. The EU’s foreign policy can essentially be described as a multidimensional mosaic.<sup>3</sup> The core area is the Common Foreign and Security Policy (CFSP), which was established under the Maastricht Treaty, and its security policy arm, the Common Security and Defence Policy (CSDP). As policy areas that are particularly sensitive in terms of sovereignty, these fields of action are still strongly intergovernmental and require unanimity for decisions to be made: in other words, the influence of member states is particularly great, with the Commission traditionally playing no more than a supporting role.<sup>4</sup> The Commission can have an impact on foreign policy primarily through recourse to competences that lie in the economic sphere, including foreign trade policy, development cooperation and humanitarian aid.

### **Successful Policy-making in Crisis Mode**

Even in the case of international threat scenarios, the European Council is usually expected to assume the role of crisis manager, with key decisions being taken at the summits of heads of state and government.<sup>5</sup> On the other hand,

exceptional situations always open up new options for political actors. In the past, the Commission has repeatedly been able to use these windows of opportunity to strengthen its position.<sup>6</sup>

### *COVID-19 Pandemic*

Only a few days after the new European Commission under Ursula von der Leyen took office, a crisis of global proportions began to unfold. The COVID-19 pandemic confronted the EU with a number of unprecedented challenges, particularly at the level of public health and the economy. Under the leadership of the first female President, the Commission acted quickly and proactively in the early stages of the pandemic.

At the beginning of January 2020, its Directorate-General for Health and Food Safety (DG SANTE) already warned that the situation was deteriorating through the Early Warning and Response System (EWRS). When the World Health Organisation (WHO) declared a “public health emergency of international concern” at the end of the month, the Commission had already taken initial action,<sup>7</sup> such as providing EU funding for research into the virus. As events progressed, it also took on an important coordinating role, as demonstrated by the joint procurement and distribution of vaccines within the EU, for example. By contrast, the European Council rarely put forward its own proposals, but instead supported the Commission’s initiatives.<sup>8</sup> The latter significantly extended its influence to policy areas that had previously been considered more the responsibility of member states.

In addition to internal EU measures, the Commission also pushed for partnerships and initiatives with external actors as part of the global crisis response. It worked closely with the WHO and the G20 – also supporting the COVAX initiative (COVID-19 Vaccines Global Access) from the beginning, for example. This campaign was launched to give countries with low purchasing power access to the vaccines, which were in high demand.

Team Europe was likewise formed in April 2020 with similar objectives. For the first time, the approach here was to pool the development policy contributions of the European Commission, the EU member states and the EU financial institutions (European Investment Bank and European Bank for Reconstruction and Development). By the beginning of 2022, Team Europe had made 46 billion euros available and supported 130 states in responding to the pandemic and its consequences. African countries benefited the most, receiving some ten billion euros.<sup>9</sup> Team Europe has since evolved into an overarching approach to common European foreign and development policy. The aim is to help increase the effectiveness and visibility of EU activities on the global stage.

### **Russia’s invasion of Ukraine was perceived as a direct attack on the EU’s understanding of freedom and order.**

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Although the EU provided substantial financial resources to support third countries during the COVID-19 pandemic and was the largest donor and exporter of vaccines, this commitment was not always noted accordingly in the target countries. This can partly be accounted for by the fact that action was taken through multilateral organisations such as the WHO, resulting in the EU being less visible as an individual actor in the partner countries. And since the EU focused mainly on supplying its own member states with vaccines at the beginning of the vaccination campaign, the accusation of “vaccine nationalism” became entrenched in countries of the Global South.<sup>10</sup>

### *Russian Attack on Ukraine*

24 February 2022 then marked another major turning point, when Russia launched its military offensive against Ukraine in violation of international law. Only a few months earlier, political observers did not believe that the EU states





Perception and reality: While it is true that the EU played an important role in combating the COVID-19 pandemic, not least providing other nations with vaccines, it was still accused of “vaccine nationalism”. The picture shows the delivery of vaccines to Bosnia and Herzegovina. Photo: © Eldar Emric, AP, picture alliance.

would be able to agree on a uniform strategy towards the Russian Federation.<sup>11</sup> The invasion was perceived as a direct attack on the EU’s understanding of freedom and order, however, and within a few days, the Union provided billions of dollars in military aid to Ukraine – an unprecedented step. In addition, the aggressor was slapped with several sanctions packages that are unmatched in their severity. Although this touched on areas that were politically sensitive for the EU member states, the Commission became more actively involved in the process than usual. The immense pressure to take action in the first few months after the attack meant that almost all the Commission’s sanction proposals were accepted.<sup>12</sup> This very quick response was

possible because von der Leyen and her cabinet had been preparing for the worst-case scenario of a Russian attack since the end of 2021, having coordinated closely with US partners early on.

Although EU security policy actually falls into the domain of intergovernmental coordination, the European Commission took a leading role in responding to the Russian war of aggression, too. In addition to sanctions against Russia, it also advocated financial, humanitarian and military support for Ukraine. Here it proceeded cautiously and gradually, however, remaining open to the member states’ proposals.<sup>13</sup> As a result of this swift and consistent sanctions policy, the EU rose to become a central player in

the Ukraine crisis. This fact was also recognised by the United States, as underlined by President Biden's visit to the EU summit a month after the start of Russia's attack.

## The economic sphere is becoming increasingly relevant to security policy.

### A Payer but Still Not a Player? Global Perception of the EU

In order to credibly aspire to take on an active role in shaping geopolitics, the crucial factor is acceptance as an equal partner or serious adversary by other global political actors. Though

obscured by Russia's brutal actions against Ukraine, the trial of strength between the major powers is not primarily being fought by military means but in the field of commerce and industrial policy. For this reason, the economic sphere – in which the European Commission has far-reaching competences – is becoming increasingly relevant to security policy.

The EU has been weakened by Brexit and the crises of recent years, but it is still a global economic power on a par with the United States and China. Since it has long presented itself as a “normative civil power” at the global level, however, it is seen in other regions of the world as both an economic giant and a weak political dwarf. This image has actually become more pronounced in certain parts of the world. Take Southeast Asia, for example. The EU enjoys a



Tough competitor: Chinese newspapers report on President Xi opening the third Belt and Road Forum in October 2023. Whether the European Global Gateway Initiative will prove an attractive alternative is anything but sure. Photo: © Andy Wong, AP, picture alliance.

comparatively high level of confidence in this region, particularly because of its economic prowess. Yet people there have become more sceptical because they do not believe that the EU has either the ambition or the capabilities to assume a global leadership role.<sup>14</sup>

However, the notion of a “geopolitical Commission” implies a desire to be perceived not just as a payer but also as a player that is able to confidently stand up for its own interests. Ursula von der Leyen’s Commission has attempted to substantiate this aspiration through several initiatives. In May 2020, for example, it promoted the concept of “open strategic autonomy”, aiming to position the EU as a strong and independent global actor able to protect its interests while at the same time remaining open to international cooperation. During the COVID-19 pandemic, it became clear that the EU is dependent on external supply chains, especially for medical goods. Based on this experience, the aim was to reduce dependencies on other actors and strengthen resilience. This approach is a rather defensive one: instead of using the economic dependencies of others to actively pursue independent strategic goals, it focuses on reducing interdependencies in order not to become a victim itself of the geo-economic initiatives pursued by others.<sup>15</sup>

The Global Gateway Initiative announced by President von der Leyen in her State of the Union address at the end of 2021 was a direct response to the success of China’s Belt and Road Initiative. The latter is at the heart of China’s connectivity strategy and seeks to promote economic cooperation and networking between countries along the traditional Silk Road routes. According to official figures, more than 140 countries had participated in the Belt and Road Initiative by the end of 2021. The EU’s global infrastructure campaign aims to push back Chinese influence.

The Global Gateway Initiative can only be seen as a key initiative in the systemic rivalry with China to a very limited extent. Firstly, this is because the initiative was not backed up with the necessary financial resources. Secondly, it has

not proved possible to establish a coherent overall strategic concept in which foreign, economic and development policy are skilfully interwoven. At present, these policy areas still operate alongside each other in a largely uncoordinated fashion. Although the initiative was supposed to involve a genuine reorientation in terms of the allocation of funds, it includes development projects that were already at the planning stage anyway.

One general problem already mentioned is that people in third countries are usually barely aware of the Commission’s initiatives and projects. With a few exceptions, the EU’s public relations work is in need of significant improvement, especially in neighbouring countries to the south. As part of the European External Action Service (EEAS), the EU Delegations are supposed to inform the public and decision-makers about EU policies and programmes, but apparently they are hardly noticed.

### **The EU’s public relations work is in need of significant improvement, especially in the southern neighbourhood.**

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Apart from this, bilateral investment and trade agreements also fulfil an important function from a geopolitical perspective: they secure access to remote markets and critical raw materials. It is foreseeable that these alliances will become increasingly important for the EU in future in terms of the diversification it is striving for. The Commission is the EU body that negotiates with third countries on behalf of member states in the global market. Its task is to coordinate the differing positions and develop a common negotiation strategy. However, the consent of all 27 states is required to ratify agreements. This is not always possible to achieve, since interests frequently diverge. For this reason, the EU is often perceived in other countries not as a geopolitical entity but as a coalition of 27 individual states.



One example is the EU-Mercosur agreement, which has now been under negotiation for more than 20 years and has still not been brought to a successful conclusion. Among other things, this association agreement with the states of the Mercosur region (Argentina, Brazil, Paraguay and Uruguay) could save almost four billion euros annually in customs duties. Yet some EU member states are blocking the agreement due to domestic political considerations, also damaging the EU's credibility as a reliable trading partner in other regions of the world.

### **It will be essential for the EU to make more use of its economic clout than it has done to date.**

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#### **Global Power at the Development Stage**

At the beginning of its term of office, it was not even remotely foreseeable what global political challenges the European Commission under the leadership of Ursula von der Leyen would be confronted with in the five years that followed. Managing the COVID-19 pandemic and responding to the Russian war of aggression against a state in the immediate vicinity of the EU were certainly among the biggest of these challenges.

All in all, it can be said that in both cases the Commission skilfully harnessed the momentum of the crisis – caused by the limited time available and the pressure to take decisions – to strengthen its own foreign policy role and substantiate its aspiration to be a “geopolitical Commission”. But the geopolitical race is a marathon, not a sprint. In future, it will be essential for the EU to make more use of its economic clout than it has done to date to defend its own values and interests. This implies an ambitious trade policy that is more aligned with strategic interests and focuses on the following goals: promoting mutual access to open markets, ensuring security of supply and reducing European dependencies in key areas, and expanding

partnerships with third countries outside the EU, NATO and the G7. Here the EU must position itself as an attractive option, make offers based on an equal partnership and set itself apart from systemic rivals.

At present, the EU's global market power is still not reflected in a corresponding global political role. But it is also clear that in the long term, none of the member states will be able to play a prominent role in the rivalry between the major powers on its own: this prospect only exists in the association of European nations.

With regard to EU external action, the biggest political challenge remains the question of unity and coherence. In the absence of acute crisis scenarios, the EU is still too often perceived as a fragmented actor that has difficulty in articulating its interests clearly. This limits its ability to exert effective influence, thereby weakening its role as a global actor.

Institutional changes are necessary in order for the EU to increase its flexibility and capacity to act. This was something that Commission President von der Leyen has pressed for, too: in her first State of the Union address in September 2020, she called for the introduction of the majority principle in foreign and security policy. A report published in September 2023 by a Franco-German group of experts shows that the extension of qualified majority voting in this area is feasible even without treaty changes. According to this report, the creation of a “sovereignty safety net” could ensure greater acceptance. Should a member state see its essential national interests as being threatened, it can request that the issue be referred to the European Council and that a consensual agreement be reached at the highest political level. Reservations on the part of smaller EU states could be addressed through a re-weighting of voting rights, for example.<sup>16</sup>

It remains to be seen whether or not proposals of this kind will actually be implemented politically and lead to greater flexibility in practice. There is certainly pressure to take action,

however. The global political situation is shifting and the EU is at a critical crossroads. But as a global power, the EU is still at the development stage. There continues to be a discrepancy between rhetoric and political reality: since the Commission led by von der Leyen took office, however, the gap between the two has at least become a little smaller.

*- translated from German -*

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Photo: © Amr Nabil, AP, picture alliance.

[Shaping Europe Pragmatically](#)

# Big Plans, Limited Progress

EU Energy Partnerships with the Gulf

Philipp Dienstbier/Veronika Ertl



In the wake of the energy crisis, the Gulf states are once again becoming the focus of EU energy policy as new (old) partners – both to compensate for the loss of Russian gas imports and to supply renewable energy sources, in particular hydrogen, to Europe. However, despite the EU emphasising its interest and announcing grand plans for closer cooperation, in reality, energy partnerships are falling well short of expectations – even though the general conditions in the Gulf are promising.

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### **New Priorities, New Partners?**

With its massive impact on global energy supplies, the Russian war against Ukraine has drastically changed the strategic priorities of EU energy policy. In an attempt to replace a large share of European energy imports within a very short space of time – around 30 per cent of oil and 45 per cent of gas imports previously came from Russia<sup>1</sup> – the EU struck out on a new path. The idea was to achieve a quantum leap in its energy policy so as to accelerate the transition to alternative energy sources and make Europe less dependent on fossil fuels. At the same time, new energy partnerships were to bring about a diversification push, thereby freeing the EU from its one-sided dependence on Russia. In connection with this dual strategy to enhance energy security while also promoting the energy transition, Brussels suddenly found a new (old) partner in the oil- and gas-rich states of the Arabian Peninsula.

The energy producers in the Gulf ceased to be important suppliers for Europe some time ago. For a long time now, the oil and gas exporters Bahrain, Qatar, Kuwait, Oman, Saudi Arabia and the United Arab Emirates (UAE) have been exporting the majority of their mineral products not to the West but to Asia – above all to China and India, but also Japan and South Korea, as well as the countries of South-East Asia. Just before the outbreak of the war in Ukraine, for example, EU member states accounted for barely a tenth of Qatar's and Saudi Arabia's oil

and gas exports, while the EU's share of UAE exports was less than three per cent.<sup>2</sup>

In view of the worsening energy crisis, however, the EU adopted a whole canon of strategy documents in May 2022, identifying the Gulf states as an important pillar of Brussels' energy policy once again. The short-term aim was for Qatar and other Gulf states in particular to step in to satisfy the EU's unmet energy needs by supplying liquefied natural gas (LNG). In addition, the EU focused on the Gulf's energy transition plans, particularly hydrogen production, with the Gulf states seen as key future exporters of renewable energy sources to support the European energy transition.

One and a half years later, however, there is a significant gap between the aspirations and the reality of a possible EU energy partnership with the Gulf. With their excellent natural conditions – for the production of both fossil fuels and renewable energy – and their longstanding experience as energy exporters, the Gulf states could become important partners within the EU's import diversification programme. Overlapping energy interests on both sides also offer a welcome opportunity to deepen relations in the current context. Nevertheless, this potential can only be realised if a better mutual understanding of each other's strategic priorities is achieved, and if the approaches to cooperation – particularly on the part of the EU – are not ground down by contradictions between aspiration and reality.

## New Strategic Direction

In view of the turmoil on the international energy markets, the EU established an ambitious strategic framework in its REPowerEU plan in May 2022, drawn up swiftly after the outbreak of the war in Ukraine with the aim of becoming independent of Russian energy imports by 2027. In order to achieve this, the EU plans to reduce its energy consumption through savings and efficiency improvements, accelerate the transition to a climate-neutral energy supply from domestic sources, and diversify its energy imports through new energy partnerships so as to minimise dependencies. The aspect of international energy partnerships plays a key role, both in the strategy document and in the EU's public communication.

### Neither the EU nor the Gulf Cooperation Council are blocs with homogeneous interests.

So it is certainly no coincidence that on the same day as it announced the REPowerEU plan, the EU also published two other strategy documents relating to external partnerships, particularly in the area of energy policy: the updated version of the EU External Energy Engagement Strategy (EEES), and the joint communication on “A Strategic Partnership with the Gulf”.

The EEES aims to promote new energy partnerships that cover both the short- to medium-term demand for natural gas and the medium- to long-term demand for renewable energy sources for the energy transition, while at the same time reducing dependence on individual energy suppliers. In the short term, the purchase of gas is to be facilitated in particular through rapid operationalisation of the EU Energy Platform, whose function is to pool demand and negotiate with international partners so as to facilitate the joint purchase of gas and hydrogen. In terms of the medium-term energy transition, the EEES particularly emphasises the need to expand

international hydrogen trade in order to cover half of the planned annual demand of 20 million tonnes of hydrogen by 2030 through imports.

The communication on a strategic partnership with the Gulf region also clearly reflects the EU's desire to expand cooperation with the countries of the Gulf Cooperation Council (GCC) in the face of increased challenges with the aim of securing energy policy interests. To date, relations between Europe and the Gulf region have primarily taken the form of bilateral partnerships at member state level – clearly demonstrating that neither the EU nor the GCC are blocs with homogeneous interests. The new strategy now seeks to foster the interregional dimension of the partnership and provide a roadmap for deeper relations in key areas. Alongside other issues, “green transition and sustainable energy security” is a key area of cooperation mentioned in the strategy paper. It emphasises that the Gulf states are reliable suppliers of LNG but also potential new partners for the import of green hydrogen.

With the triad of REPowerEU, the EEES and strategic partnership with the Gulf, the EU has set itself an ambitious package of energy policy goals in order to expand cooperation with the Gulf states as a result of the upheavals in European energy policy. In doing so, the EU has certainly demonstrated that – contrary to widespread reservations – it is indeed capable of responding to new geopolitical realities by making far-reaching political adjustments within a very short space of time. The success of the new EU external energy strategy will not be measured on paper, however, but in terms of results, and with regard to the Gulf states, there is a clear need for improvement.

### The Potential and Reality of EU-GCC Energy Cooperation

The EU considers LNG and green hydrogen in particular to be key areas for deeper and more strategic energy cooperation with the GCC states. While the idea is for natural gas to act as a transitional energy source, the EU sees hydrogen as the core element of long-term energy





Coveted not only in Europe: Asian countries have long since become the largest buyers of fossil raw materials from the Gulf states. Europeans are competing with this demand from Asia as they try to find replacements for shipments from Russia. Pictured is an LNG terminal in the Fukuoka region of Japan. Photo: © Koji Nakayama, The Yomiuri Shimbun, AP, picture alliance.

cooperation with GCC members to support the European transition to renewable energies. Yet the timeline alone reveals initial differences between Europe and the Gulf: out of economic self-interest, the latter is seeking to conclude supply contracts for gas and other fossil fuels with as long a duration as possible. In addition, the EU is falling considerably short of its claim to act as a central hub for future energy partnerships. On the contrary: in contrast to the noble intentions of the aforementioned EU strategy documents, it was once again the European

nation states that single-handedly established bilateral energy partnerships with Gulf states during the 2022/2023 energy crisis – with the EU merely taking on a subordinate role.

#### *The Race for Gas: Structural Upheavals and Uncoordinated National Initiatives*

As a direct consequence of the war in Ukraine, the EU's import structure has changed considerably. Russia traditionally supplied a large proportion of European gas imports (45 per cent

or 115 billion cubic metres in 2021), but the sale of Russian pipeline gas to Europe in winter 2022/2023 – the first heating period after the outbreak of war – fell by around 80 per cent compared to the preceding year. All in all, Russian gas now only covers 10 per cent of total EU demand – a considerable reduction.<sup>3</sup>

The loss of Russian gas imports was partially offset by purchases of LNG, which increased by 60 per cent compared to 2022, to reach 130 billion cubic metres.<sup>4</sup> This made the EU the largest LNG importer in the world in 2022. The lion's share of this is covered by LNG imports from the United States, which currently meet around 15 per cent of total European gas demand.<sup>5</sup> The remaining supply gap in LNG imports is being filled at present by the major GCC gas exporters, primarily Qatar, but also Oman and the UAE. Qatar alone increased its gas deliveries to the EU by around 15 per cent in the last heating period, mainly supplying Belgium, France, Italy and Poland.<sup>6</sup>

### **Only 11 out of 122 energy agreements signed by EU states were concluded at EU level.**

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Nevertheless, availability on the international LNG market remains tight. Since a large share of the Gulf states' LNG capacity is tied up in long-term contracts – primarily with East Asian importers – they were unable to expand their supply to Europe in sufficient volumes to meet the increased demand for gas in the EU. Qatar has only supplied a total of five billion cubic metres of additional LNG to Europe since the outbreak of the war, for example.<sup>7</sup> In view of this increased demand, Doha announced that it would increase its production by 44 billion cubic metres per year by 2027 to create additional export capacity, some of which could be allocated to the European market. Abu Dhabi had already previously planned to increase its gas production capacity to 13 billion cubic metres

per year by 2030.<sup>8</sup> Nevertheless, the international supply of LNG is set to remain scarce according to forecasts.

In order to secure a share of this additional future export capacity, the EU should – according to its strategy papers – act as a unified negotiating bloc and jointly establish new energy partnerships. The reality is in stark contrast to this, however: only 11 out of 122 energy agreements signed by EU states between January 2022 and August 2023 with a total of 32 countries worldwide – including 13 natural gas contracts with Bahrain, Qatar, Oman and the UAE – were concluded at EU level; the rest are purely bilateral agreements.<sup>9</sup> These include Germany's notable LNG agreements: a 15-year contract with the Qatari state energy company Qatar Energy for 2.8 billion cubic metres of LNG per year, which is expected to cover 3.7 per cent of Germany's anticipated total gas demand from 2025, and a smaller German supply contract with the Emirati state-owned company Abu Dhabi National Oil Company (ADNOC), which already started in 2023.<sup>10</sup>

This shows that, despite declarations of intent to the contrary, most European states reverted to solo efforts to secure their natural gas supplies after the outbreak of war. The declared aim of coordinating efforts in the face of a global undersupply in order to strengthen the states' own negotiating position contrasts starkly with the actual situation in which EU states have competed with each other to conclude bilateral deals with the Gulf states and others. This gap between rhetoric and reality has not gone unnoticed in the EU's partner countries – and does not exactly boost the image of the EU as a coherent and assertive player. The fact that pooling EU demand hardly works in practice is mainly due to a lack of political will on the part of the member states. For large EU members with good market access, there is little incentive to strengthen the EU's joint external representation if this means giving up national sovereignty and accepting a longer and more complex procurement process – especially as this seems difficult to justify to domestic voters in times of high energy prices.

The EU energy platform created in connection with the REPowerEU plan could help in this regard by pooling demand, coordinating the use of infrastructure and enabling joint negotiations with international partners so as to facilitate the joint purchase of gas. The coordination mechanism is a voluntary instrument, however – which has inhibited its use to date. At the moment, EU member states only have to tender 15 per cent of their gas storage capacity via the energy platform, though certain European states have gone beyond this – such as Bulgaria, which handles 100 per cent of its gas requirements via the platform. After a long start-up period, the EU energy platform finally started launching tenders for joint gas purchases from May 2023 onwards, brokering deals for some two billion cubic metres of LNG in a first round. For the mechanism to develop real market power, however, it would have to be used to handle a significantly larger proportion of EU gas purchases.<sup>11</sup>

#### *Prospects for Gas Imports: Diverging Time Horizons*

In addition to weaknesses in terms of European coordination vis-à-vis international energy partners, there are also structural obstacles to an LNG partnership between the Gulf region and Europe due to the conflicting planning horizons of the EU and the Gulf states.

European decision-makers regard natural gas as merely a bridge solution, so from the EU perspective, LNG imports from the Gulf are no more than a temporary prop that is to be gradually replaced. The EU is looking to achieve its “net zero target”<sup>12</sup> by the middle of the century, having set itself an accelerated emissions reduction target of 55 per cent by 2030. Forecasts therefore assume that in a scenario in which the EU meets its CO<sub>2</sub> neutrality targets, gas demand would already be 50 per cent below the 2019 level by 2030. Even if the EU fails to fully meet its targets, an accelerated push towards decarbonisation could still reduce gas demand by 30 per cent below the 2019 level.<sup>13</sup> Therefore, Europe sees a truly strategic

energy partnership between the EU and the GCC more in the field of renewable energies.

The Gulf states see the situation the other way round: for the decision-makers in the Gulf, a reliable, long-term partnership, including one in the area of gas exports, is to provide a foundation on which future energy cooperation with Europe can be built – both in economic terms and from the point of view of trust. Despite the ongoing energy transition and the medium-term decline in demand for gas, the Gulf does not believe that gas will be phased out quickly. In addition, GCC members are very much counting on technical solutions such as CO<sub>2</sub> capture and storage leading to the climate-neutral production of oil and gas in the future.

### **Beyond LNG, the EU is looking to make hydrogen the focus of its future energy cooperation with the Gulf states.**

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This view is not entirely unfounded: as the loss of imports from Russia partially offsets the overall decline in demand in Europe, the foundations for the expansion of LNG partnerships between the EU and the GCC will remain fundamentally attractive in the coming years. In particular in a scenario in which the EU accelerates its decarbonisation but, by 2030, is not yet on course to its net zero target, an additional 40 billion cubic metres of LNG imports would still be required to replace lost Russian gas supplies as compared to 2019.<sup>14</sup>

This is certainly one of the factors gas producers in the Gulf have in mind when they see LNG not just as an interim solution but as a component of a longer-term energy partnership between the EU and the Gulf region; this is why they are looking to conclude supply contracts with the EU with as long a duration as possible. The EU would do well to show more flexibility here if it wishes to build energy partnerships with the Gulf – not only in the area of LNG but also hydrogen.



Hydrogen-powered vehicles at an exhibition in Jeddah, Saudi Arabia: The EU wants renewable energy sources to become the focus of its energy cooperation with the Gulf states. Photo: © Amr Nabil, AP, picture alliance.

### *Green Hydrogen: A Future Pillar of EU-GCC Energy Cooperation?*

In addition to LNG, the EU is looking to make hydrogen the focus of its future energy cooperation with the Gulf states. Having identified green hydrogen – i.e. hydrogen produced by electrolysis using electricity from renewable sources<sup>15</sup> – as a key component of its energy transition, the EU increased its forecast for future hydrogen demand in the REPowerEU plan almost fourfold, to 20 million tonnes per year by 2030.<sup>16</sup> Due to the natural conditions

that prevail in European countries, however, they will not be able to produce sufficient quantities of green hydrogen to meet their own needs. For this reason, the EU intends to import ten million tonnes of green hydrogen per year by 2030, covering half of its planned hydrogen demand<sup>17</sup> – currently the largest import requirement for green hydrogen to have been announced worldwide.

In order to meet the timetable for its energy transition, the EU must focus on countries that are able to supply relevant quantities of

green hydrogen at competitive prices relatively quickly. In addition to three hydrogen corridors – in the North Sea region (Norway and the United Kingdom), with Ukraine and in the southern Mediterranean – partnerships are also to be concluded with other countries. Within the Gulf region, analyses point to Saudi Arabia, the UAE and Oman as particularly promising candidates for hydrogen exports in the coming years,<sup>18</sup> and the EEES also identifies the Gulf as a promising region in this respect.<sup>19</sup>

The appeal of the Gulf states as hydrogen partners for the EU results from a combination of factors, including excellent natural conditions for the production of renewable energies, especially solar energy, a well-trained labour force in the energy sector, significant financial capacity and, last but not least, ambitious projects already under way to develop hydrogen production. The Gulf is able to draw on existing expertise and infrastructure, particularly with regard to the production of ammonia – a hydrogen derivative – and blue hydrogen, both of which are produced from natural gas using technologies to capture the resulting emissions. The GCC states also already have export infrastructure in place, such as LNG terminals. These factors mean that it is possible to scale up the hydrogen economy in the Gulf with comparatively short lead times and low investments. Another positive aspect for export prospects according to forecasts is that the production potential for low-carbon hydrogen is likely to far exceed domestic demand in the Gulf states, meaning that there is less likely to be competition between hydrogen for domestic supply and for export than in other producing countries.

There are hurdles to hydrogen trade between Europe and the Gulf region, too. One of these challenges concerns the significant loss of energy when transporting hydrogen derivatives by ship: since there are currently no existing pipeline connections from the Gulf to Europe, this is a potential competitive disadvantage compared to imports from geographically closer regions, such as North Africa, which have existing pipelines that can be converted.<sup>20</sup>

Compared to other promising hydrogen producers that have expressed export intentions, such as Australia and Chile, however, the geographical proximity to the European market would be a competitive advantage for the GCC countries in view of the high cost and technical complexity of hydrogen transport. The G20's announcement in September 2023 that it is looking to create an economic corridor linking India, the Middle East and Europe – which includes plans to build a green hydrogen pipeline – further improves the long-term prospects for exporting green hydrogen from the Gulf to Europe.

### Saudi Arabia plans to become the world's largest hydrogen producer.

The Gulf states are also an attractive partner due to the advanced state of planning and concrete projects already in existence for hydrogen production: Saudi Arabia and the UAE are pioneers here, having already announced and launched major projects for the production of green and blue hydrogen and hydrogen derivatives. In connection with the Saudi megaproject NEOM, for example, a production plant for green ammonia is being built that is set to produce 1.2 million tonnes per year of the hydrogen derivative for export by 2026.<sup>21</sup> Saudi Arabia plans to become the world's largest hydrogen producer,<sup>22</sup> while the UAE aims to achieve a 25 per cent share of the global low-carbon hydrogen market by 2030.<sup>23</sup> The comparatively small Sultanate of Oman is also pressing ahead with the development of the relevant production capacity so as to achieve its ambitious hydrogen targets.<sup>24</sup> With only small hydrocarbon reserves compared to its neighbours, the country is focusing specifically on the production of green hydrogen.<sup>25</sup>

In this area too, however, there are gaps between potential and actual implementation of EU plans to establish energy partnerships with the Gulf. Despite the complementarities and the communicated interest in energy partnerships

with the Gulf, not a single EU hydrogen partnership has been concluded with a GCC state to date.<sup>26</sup> Instead, EU agreements have already been signed with Egypt, Kazakhstan and Namibia – even though some of these countries have less advanced hydrogen production projects and imports are subject to less favourable framework conditions, such as geographical distance.

This gives rise to the impression that some political forces in Europe have a fundamental fear of coming into contact with the Gulf states, while several of Europe’s value-based partners, such as Japan and South Korea, are expanding their own energy cooperation with the Gulf states at high speed. The EU should recognise that an energy partnership with the Gulf is not a stop-gap solution and should not construct a false dichotomy between values and interests that would ultimately leave the potential for hydrogen partnerships with the Gulf unrealised.

#### *Definitions as the Crux of Energy Cooperation*

In addition, the definition of renewable hydrogen as adopted for the EU’s planned hydrogen demand is a potential sticking point in energy relations with the GCC countries. While the EU currently uses a strict definition that only allows green hydrogen, i.e. hydrogen produced from renewable sources, most of the GCC countries’ hydrogen plans refer to low-carbon hydrogen – in other words: both green and blue hydrogen. For example, the Abu Dhabi National Oil Company (ADNOC) has announced its intention to produce one million tonnes of blue hydrogen per year by 2030,<sup>27</sup> while Qatar, in line with its clear orientation towards natural gas, has so far focused entirely on blue hydrogen, also by exporting its LNG reserves for the production of blue hydrogen in other countries.<sup>28</sup> This is because the development of the hydrogen economy is clearly part of overarching economic visions in the GCC states: renewable energies and energy sources are seen as a means of diversifying energy sectors and economies that have so far been dominated by fossil fuels, and as an additional source of income – not as a substitute for the use of fossil energy resources.

With its stated import requirements for green hydrogen, the EU currently occupies the leading position worldwide and is therefore an influential sales market. Nevertheless, it is important not to overestimate the regulatory power of the EU to determine definitions and the corresponding orientation of production in partner countries.

This applies in particular to GCC members with their own considerable financial capacity, their strong economic interest in the production of blue hydrogen based on fossil reserves, and not least their growing political self-confidence: the Gulf states are no longer willing to merely take orders from the West, but instead see themselves as independent proactive players. Existing economic relations with Asian energy importers and the expected increase in demand in Asia for green and blue hydrogen offer the GCC states numerous alternative export opportunities. This does not rule out the possibility of an economic interest in aligning with the EU definition of green hydrogen in order to obtain a relevant share of the fastest maturing sales market for green hydrogen. In the case of Oman, for example, which is focusing its ambitions on green hydrogen, this approach seems likely.

### **European energy policy in the Gulf is far too often determined by solo efforts at national level.**

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In order to realise these “first mover” opportunities for the European green hydrogen sales market, however, the Gulf states – as potential exporters of green hydrogen – must receive clear signals from the European side that it is worthwhile to make investments in the development of production facilities along with the relevant value chains and transport routes. At present, the willingness of the GCC states to mobilise further investment in the development of green hydrogen production appears limited due to the lack of concrete offtake agreements on the European side. In this scenario, the GCC states



are more likely to focus increasingly on expanding production capacity for blue hydrogen and supplying this to Asia. This cannot be in the interests of the EU, whether in terms of security of supply or when it comes to the rapid development of the European hydrogen economy.

## The EU should enter into hydrogen partnerships with potential exporters in the Gulf region as soon as possible.

Quite the opposite: in view of the long-time horizons for the development and export of relevant quantities of green hydrogen, there are increasing calls for a more pragmatic view of blue hydrogen as a transitional energy carrier. Signals to this effect are also to be seen at EU level, above all in the discussions surrounding the hydrogen and decarbonised gas market package: this would regulate the use of low-carbon hydrogen, thereby marking a move towards its more widespread possible use. This would be a promising starting point for potential hydrogen partnerships with the Gulf states.

### From Potential to Concrete Cooperation

Despite the potential synergies identified, there are still clear gaps between the EU's ambitions to set up energy partnerships with the Gulf and the reality of the past year and a half. There is room for improvement in terms of the EU's capacity to act in a concerted manner, and European energy policy in the Gulf is still far too often determined by solo efforts at national level. Contradictory perspectives on the part of the EU and the GCC regarding the time horizon of gas supplies and the definitions of renewable hydrogen also stand in the way of realising the potential for closer energy cooperation. Moreover, the EU is no longer the only possible economic partner for the Gulf: if the contradictions between the respective priorities are not resolved, the Gulf states will look to other partners to expand their energy cooperation. Europe

certainly has alternative energy partners, too – in North Africa, for example. Yet if the EU wants to draw the right conclusions from the energy crisis of 2022/2023, it must diversify energy import structures as broadly as possible in the future. For this reason, the Gulf states should become an important pillar alongside other energy partners.

The following steps will be crucial in order to overcome the obstacles and realise the potential for a closer partnership between the EU and the Gulf states:

#### *Conclude Hydrogen Partnerships with Specific Framework Conditions*

The EU should enter into hydrogen partnerships with potential exporters in the Gulf region as soon as possible. Saudi Arabia, the UAE and Oman are particularly promising candidates here. When establishing hydrogen partnerships, concrete framework conditions for cooperation should be set and, as far as possible, purchase quantities defined so as to create the necessary incentives for Gulf states to invest in the expansion of green hydrogen production and increase planning security for European customer companies. Moves to adopt a more pragmatic view of blue hydrogen as a transitional energy carrier are also a step in the right direction and should be accelerated in order to enable rapid upscaling, thereby paving the way for the use of green hydrogen in the long term.

#### *Increase the Coherence of EU Energy Partnerships*

In order to be able to act as a united and more powerful negotiating actor with the outside world, measures to increase coherence in relations with energy partners must be resolutely pursued, particularly the EU Energy Platform. The further development of this platform depends on the political will and the openness of the member states to pooling a larger share of EU gas demand in order to guarantee the effectiveness of the mechanism. The same applies to the newly created European Hydrogen Bank,

which aims to support the development of a European hydrogen market through joint auctions.

### *Strengthen the Coordination Bodies between the EU and the GCC*

It is also important to improve coordination between the EU and the GCC with regard to energy. Proposed dialogue formats such as the EU-GCC ministerial meeting on green transition, a private sector business forum on the energy transition, and the EU-GCC energy and climate expert group need to be operationalised and used to improve ongoing coordination so as to support energy partnerships at the political, economic and technical levels.

*- translated from German -*

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[Shaping Europe Pragmatically](#)

# Thoroughly European

Belarus is Currently Dependent on Moscow – but the Democratic  
Opposition Wants to Lead the Country towards the West

Jakob Wöllenstein

The Lukashenko regime is tying Belarus ever closer to Russia, but the democratic forces seek an orientation towards the West – and are even talking about joining the EU. Although that sounds utopian at the moment, in the long term an alignment of the country with the European Union would be in our interests, too. For this reason, we need a mental “eastward enlargement” – and Belarus is surprisingly European in many respects.

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In June 2024, when more than 400 million EU citizens are called on to vote in the European elections, this will in fact be just over half of the people who live on the continent of Europe. The rest of the European population is either too young or lives in a country outside the European Union, i.e. either in a country that has just left the EU, or in one of the few countries that do not want to join it under any circumstances, or in one of the many that cannot wait to join. Or in Belarus.

While the country between the Dnieper and the Bug under the rule of Aleksandr Lukashenko is now more isolated from the West than ever before and is being sucked ever deeper into the Russian orbit, the democratic forces in exile issued a remarkable statement in August 2023 at their conference on the third anniversary of the fraudulent 2020 elections: they adopted a Declaration of Future Membership of Belarus in the European Union<sup>1</sup> and announced their intention to lead their country out of all Russian-dominated alliance systems. Since the 2020 presidential elections which were documented as having been stolen by the regime from Sviatlana Tsikhanouskaya, the actual winner, the democratic forces have been claiming to represent the majority of the Belarusian people. Now their movement is making a clear break with both the regime’s long-standing seesaw politics and any dreams that the country might become a neutral island in the midst of heavy geopolitical storms.

As expected, reactions to the declaration were mixed. Some see it as pure fantasy – the final decoupling of the “exile opposition” from the

realities back home. Others congratulated the democratic forces on finally showing a visionary direction instead of trying to pander to public opinion, which has been shaped by propaganda and fear.<sup>2</sup>

As is well known, the EU Treaty stipulates that “any European state” that respects the common values can apply to become a member of the Union (Article 49). Yet although Belarus is labelled “*Europe’s* last dictatorship”, all kinds of statements regularly seem to suggest that Belarus and Europe have nothing to do with each other or are even mutually exclusive opposites. On a mental map, especially for people in the West, “Europe” often ends at the EU’s external border. But since any (future) enlargement of the EU requires the consent of all other members, it is crucial to work on a “mental eastward enlargement” even now so as to firmly anchor countries such as Moldova, Ukraine and indeed Belarus in our shared European consciousness. Belarus in particular is thoroughly European – geographically, historically and culturally – and in the event of a democratic transition there are many ways in which it would be a partner country that could benefit the EU.

### **Geographically Right at the Centre**

The attribute “European” is often associated with the idea of a specific cultural area with a high level of cultural advancement to which many consider it desirable to belong.<sup>3</sup> The question of the geographical boundary of Europe, particularly towards Asia, has been disputed

for centuries, but there is widespread agreement that the line should be drawn somewhere along the Urals, i.e. almost 3,500 kilometres east of Brussels.<sup>4</sup> This means that 40 per cent of Europe is geographically located inside the Russian Federation – which puts Belarus at the centre of the continent. In fact, a whole range of different places consider themselves to be the centre of Europe, but there are actually five methods of calculation that place this point in the Republic of Belarus (or in the immediate vicinity, in Poland or Lithuania). Belarus is perhaps also particularly “European” in that it is by far the largest landlocked country on the continent – Europe surrounded by Europe, with no “exit” to the oceans.<sup>5</sup>

## After the Mongol invasion, the Belarusian lands were reorganised.

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### Deeply Intertwined Historically

Belarusian historians often trace the origins of the country’s statehood back to the early medieval principalities of Polazk and Turau. Though highly independent, both belonged to the Kyivan Rus’, a multi-ethnic empire presumably founded by Scandinavians, which was in close if not always conflict-free contact with the Eastern Roman Empire. In addition to trade and cultural exchange, it was via this line that Christianity came to Eastern Europe – the Belarusians emphasise that they were converted directly via Byzantium, without any “detour” via Kyiv.<sup>6</sup> After the Mongol invasion had accelerated the disintegration of this empire, the Belarusian (and today western Ukrainian) lands were reorganised and became part of the Grand Duchy of Lithuania. Starting from the region between Vilnius and Navahrudak, this state saw a breathtaking rise in the early 14<sup>th</sup> century under Grand Duke Gediminas (Belarusian: Hiedzimin) to become a major European power, thanks to a mixture of alliances, guarantees of protection and conquests. Gediminas’ grandson Jogaila was baptised a Catholic,

and through his marriage to the Krakow princess Jadwiga in 1386 he founded the line of Jagiellons who were to rule the Kingdom of Poland for two centuries, in close alliance with Lithuania.<sup>7</sup> After a decisive joint victory over the Teutonic Order in 1410, the Grand Duchy actually became the largest state in Europe, with today’s Belarus at its centre – and despite sometimes devastating



wars, mostly against Muscovy, the country saw an astonishing period of prosperity in the centuries that followed.

The Grand Duchy of Lithuania brought together a multitude of peoples, languages and religions in an area almost the size of modern-day Germany and France combined. While the rural

population in what is now Belarus was predominantly Ruthenian, the towns, many of which were founded based on the Magdeburg rights, saw a mixed population including Balts, Jews, Poles, Germans and Russians.<sup>8</sup> As an important centre of Jewish life, the capital Vilnius was nicknamed the “Jerusalem of the North”, while some 300,000 Tatar Muslims settled in the



Unholy alliance: Aleksandr Lukashenko (right) is a key ally of Russian President Vladimir Putin (left) and his regime. The Belarusian dictator has led his country into complete dependence on its large neighbour Russia. Photo: © Alexander Demianchuk, AP, picture alliance.

Grand Duchy, too. Catholic steeples towered next to Orthodox ones, and at the end of the 16<sup>th</sup> century even a unique crossover denomination emerged. The “Greek Catholic Church”, loyal to the Pope but orthodox, advanced – albeit under state pressure – to become a kind of “national religion” of the Belarusians and western Ukrainians for around 150 years. At the same time, the Reformation also swept through large parts of the country, particularly in what is now Belarus, but this remained largely confined to elite circles. Theological disputes tended to be settled with pen and parchment rather than with firebrand and pitchfork. Latin was the main language of debate, as well as increasingly Polish. But also Ruthenian, the “old Belarusian” vernacular played a key role. For example the “Statutes of Lithuania” which introduced an early modern rule of law in the 16<sup>th</sup> century were written in Ruthenian.

### Three uprisings against the Russian occupiers ended in disaster.

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Links with other European states ranged from trade – there were branches of the Hanseatic League in Polazk and Wizebsk – and culture to the highest levels of politics. Poland and the Grand Duchy of Lithuania, whose union was elevated to a “real union” in 1569, formed an aristocratic republic with an elective monarchy, with kings appointed from France, Sweden, Saxony and Hungary over the centuries. Queen consort Bona Sforza brought a large number of Italian artists and architects into the country, and the Renaissance arrived, bringing forth prominent figures such as the great humanist and printer Francysk Skaryna. The buildings and facades of the subsequent Baroque period still dominate many towns in Belarus to this day and are typical of the historical centre of Vilnius, too. Shortly before the forced partition by Russia, Prussia and Austria, the Polish-Lithuanian Parliament passed Europe’s first modern constitution in 1791 – four months earlier than

revolutionary France. In some respects, this old “Lithuania” was a prototype of today’s European Union – at a time when absolute monarchies ruled the roost in Western Europe.

### At Ground Zero of Europe’s Major Disasters

When talking about “European imperialism”, many people will probably think of Columbus and distant overseas colonies. Yet Belarus experienced this “phenomenon” at the very heart of the continent after its conquest by Russia at the end of the 18<sup>th</sup> century.<sup>9</sup> Right at the start of this period, Napoleon’s “Grande Armée” also marched through northern Belarus twice in the course of its “Russian campaign”, inflicting considerable devastation upon the country. Three uprisings against the Russian occupiers over the course of the 19<sup>th</sup> century ended in disaster – the Tsar imposed severe repression in areas such as language, economy and culture, cancelling the old legal statutes and having all town halls across the country blown up to symbolically erase any memory of independence and self-government. The restrictions were not relaxed until shortly before the First World War, which initially ended in the East with a victory for the Central Powers and the peace treaty of Brest-Litovsk, named after the Belarusian city. Shortly afterwards, under German occupation, the Belarusians proclaimed their own People’s Republic.<sup>10</sup>

Unlike many other newly established or re-established states in Eastern Central Europe, however, this was short-lived. Belarus was divided after the Polish-Soviet War, with the west becoming part of Poland and the east becoming a founding member of the USSR as the “Belarusian Soviet Republic” in 1922.<sup>11</sup> After a few “liberal” years, this in turn brought the “Great Terror” upon its peoples, with tens of thousands of representatives of national elites – including countless Belarusians – being specifically targeted alongside supposed opponents of the regime.

Finally, Belarus became a central arena for the great catastrophes of the 20<sup>th</sup> century. No other country paid a higher price in blood relative to the size of its population during the Second



World War – up to a third of the population lost their lives, not least as a result of the Holocaust: before the war, Jews had made up the majority or largest ethnic group in Minsk and many other cities. The war, German extermination policies and Stalin’s purges caused irreparable damage to the fabric of the country’s traditional linguistic, ethnic and religious diversity. Many Poles were expelled from Belarus as a result of their state’s westward shift, with new settlers arriving from other Soviet republics. Accelerated by industrial growth and intense urbanisation, as well as a widespread stigma against the Belarusian language, which was regarded as rural and “backward”, the country became more Russified than ever before. Yet for many, these years and the 1970s in particular were a period of prosperity. Belarus became the “workbench” of the USSR: US historian Timothy Snyder concludes that no country came as close to realising the “Soviet ideal” as Belarus.<sup>12</sup>

### **Elected president in 1994, Aleksandr Lukashenko was never particularly interested in either democracy or national culture.**

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After the fall of Communism, there was often talk of the former Communist countries “returning to Europe”. This solidified a West-centred view suggesting that the Eastern Bloc and the Soviet Union had nothing to do with “Europe”. Yet the central pioneers of Communism were all European – like Marx and Engels, Rosa Luxemburg, Gramsci, Trotsky and Lenin. Moscow effectively put the political goal of a “world revolution” on the back burner in favour of achieving the greatest possible advance in Europe. The notion of modernisation also involved the idea of “catching up” with Europe, which is why Snyder comes to the conclusion that Russia has “never been as European” as it was during the Soviet Union.<sup>13</sup> It seems like an irony of history that the dissolution of this – cynically

speaking – rather different “European integration project” was decided in Belarus of all places, on 8 December 1991 with the Belovezha Accords.

### **The Search for New Stability**

Independent Belarus was the first successor state of the Soviet Union to sign the Charter of Paris in 1992. A phase of rapprochement with the West culminated in a state visit by US President Bill Clinton in spring 1994, and the new constitution declared foreign policy neutrality. Domestically, the new-found freedom went hand in hand with a wave of national reawakening, also in the area of language policy. The Belarusian language, which was now strongly promoted, is similar to Ukrainian and related to Polish and Russian. But it had also been in competition with these languages for centuries, having been heavily influenced and suppressed by Russian in particular since the 18<sup>th</sup> century. In contrast to Russian, however, Belarusian contains hardly any loan words from Turkic languages or Mongolian, but instead numerous words from German, Yiddish and Lithuanian.<sup>14</sup> One distinctive feature is that it is written in several alphabets. In addition to the Latin and Cyrillic alphabets, which as we know are based on the Greek alphabet, Jews also once wrote Belarusian using the Hebrew alphabet and Tatars using the Arabic alphabet.

Elected to the newly created office of president in the summer of 1994, Aleksandr Lukashenko was never particularly interested in either democracy or national culture (and this remains the case to this day). He ushered in re-Russification, rules in an authoritarian neo-Soviet style and led the country back towards Moscow – almost to the point of a union of states. From then on, relations with the West ran in a series of political thaws and ice ages that coincided with the cycles of internal electoral fraud and repression. Yet while maintaining membership in Russian-dominated alliance systems – the Commonwealth of Independent States (CIS), the Union State, the Collective Security Treaty Organization (CSTO) and the Eurasian Economic Union – Minsk also joined the EU’s Eastern Partnership programme



in 2009. After the shock of the annexation of Crimea, some hoped that the eternal back and forth could be overcome in favour of Belarus' self-proclaimed positioning as "the Switzerland of Eastern Europe". In the course of the Ukraine

conflict, Minsk acted as a "pillar of regional security" through mediation, seeking to diversify its options through a multi-vectoral foreign policy as well as improved relations with the West, Ukraine and countries such as China. While



Face to face with the forces of the regime: After the stolen election of 2020, there was a large wave of protests in Belarus. Photo: © Sergei Bobylev, dpa, TASS, picture alliance.

The population made the most of the opportunities offered by the thaw to strengthen business and civil society, but also simply to travel – no other country in the world had such a high quota of Schengen visas as Belarus during this period.<sup>16</sup>

### **The majority of under 45-year-old Belarusians believe that Western democracy is the best system.**

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Surveys on geopolitical attitudes had long consistently shown that a majority prefer not to make a geopolitical choice between East and West, but when faced with the question of “Russia or the EU”, a majority have been in favour of Russia. This is de facto a recognition of reality since Belarus is closely linked to its eastern neighbour, but the figure has decreased steadily in recent years. While in 2018 around 60 per cent still preferred a union with Russia over an alliance with the West – of which only five per cent wanted to become part of Russia – this figure had fallen to less than 40 per cent by the end of 2020. At the same time, in the face of the crackdown on protests following the rigged presidential elections, the pro-European vector shot to first place for the first and only time to date.

#### **2020 as the Culmination and Turning Point**

Lukashenko’s opportunistic seesaw politics always served more than anything else to secure his own rule, and in the 2020 presidential elections he demonstrated that he was prepared to subordinate everything else to this goal. For the first time, candidates from the centre of the system dared to enter the race and a majority of people believed they could lead their country successfully. When this choice was clumsily

giving somewhat greater emphasis to European heritage, internal liberalisation remained modest, though it did reach the point that Russia replaced Belarus as “Europe’s last dictatorship” in 2018 according to the Freedom House index.<sup>15</sup>

stolen from them, they took to the streets in their hundreds of thousands. They did not initially do this in the name of geopolitics: in contrast to the Ukrainian Euromaidan, no EU flags flew over Minsk or other Belarusian cities. Instead, the protesters chose the old symbol of the republic to demand their rights – the white-red-white flag. Democratic forces in exile today often use the term “new Belarus” to describe their vision of a future democratic country. Yet the shift away from post-Soviet paternalistic attitudes towards a free, self-determined existence began much earlier and merely found its most visible expression in 2020. Surveys show that from 2010 to 2016, the share of those in favour of the status quo compared to those who want social change shifted from 48:41 to 25:67.<sup>17</sup> A closer look reveals an enormous gap between the generations, even compared to other post-Soviet countries.<sup>18</sup> This begins approximately with people born in 1975 and then increases in both directions.

People born after the end of the Soviet Union are three times more likely to welcome its demise than those aged over 60. Young people get their news online and watch Hollywood movies, while older people watch state television news and Soviet films. The contrast is most obvious when it comes to the political system: a clear majority of under 45-year-olds believe that Western democracy is the best system – as many as 60 per cent of those under 30. Not even one in ten of this generation is in favour of the Soviet system. These figures are reversed among senior citizens.

On the one hand, it was Lukashenko himself who put a geopolitical spin on the developments in 2020, demonstrating which way to turn in order to push through a rigged election. Moscow assured him of loans and showed the demonstrators where the perhaps decisive red line was: there was to be no storming of administrative buildings, otherwise the Russians threatened to provide “administrative assistance”. The suppression of protests set in motion the massive repression that continues to this day, accompanied by an exodus of (not only) liberal elites and a sanctions duel with the country’s Western-oriented neighbours. Meanwhile, the groups that

previously supported the peaceful protests are now continuing their work in forced exile, which they have mostly found in the West.

Even standing up for democracy – a form of government derived from ancient Greece – can be regarded as a “European” phenomenon. While the regimes in Minsk and Moscow endeavour – more or less<sup>19</sup> – to maintain a democratic facade, Belarusian civil society and the democracy movement are actually breathing life into the concept with a creative variety of initiatives. Many experts agree that the experience of community in confronting a state that resorts to brute force has brought about a pivotal change of awareness in Belarusian society. Some even talk of a historic breakthrough in the consolidation of the Belarusian national identity. People are united in their desire for a different way of life and they know that, unlike people in Russia so far, they proved in 2020 that they are in the democratic majority.

## A significant proportion of the Belarusian population is still oriented towards Russia.

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### The Need for an Attractive, Credible Alternative

Nonetheless, the democratic majority against Lukashenko three years ago does not automatically mean that a majority are in favour of an EU perspective today. As mentioned above, the preference for Europe over pro-Russian attitudes only briefly prevailed in surveys on geopolitical orientation in autumn 2020. The pro-Russian stance has “recovered” since then and is now around the 2019 level of approximately 50 per cent – compared to just over 25 per cent of pro-European responses.

Given the country’s repression, state surveillance and omnipresent anti-Western propaganda, such survey results are neither entirely surprising nor fully representative. Official channels present

the West as decadent, aggressive and imperialist, while Russia is a “big brother” whose aid loans since 2020 are supposedly not designed to keep a dictator in power but to help the country in difficult times – and its soldiers are supposedly protecting Belarus from a NATO attack. Independent news is difficult to access and its consumption is often penalised. Cross-border contacts are decreasing because travelling to the West is severely restricted, partly due to the tight visa regulations of the latter, and the language barrier is also growing as the regime is cutting back on English lessons in schools. People of a pro-European orientation are therefore under-represented in the surveys: they are more cautious, or have left the country in large numbers, and are therefore not able to act as “influencers” within their social setting.

### **A strong, democratic Belarus would also be a promising partner for the EU.**

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Yet the sobering finding remains that a significant proportion of the Belarusian population, especially the state elite, is currently oriented towards Russia – for various reasons. In qualitative interviews (conducted before 2020), frequently cited arguments included the common language and closely related culture, the shared history of the Second World War and the Soviet era, and also “Slavic values”.<sup>20</sup> Many Belarusians have Russian family connections, watch Russian media or have worked in Russia, so they do not equate the country with the Putin system. In the economy, which was already heavily dependent on Russia for its energy supply, for example, adaptation to sanctions is creating additional path dependencies – up to 85 per cent of Belarusian exports currently go through or to Russia – and jobs are dependent on the Russian market. Last but not least, the example of Ukraine is acting as a deterrent: the latter is now seen to be paying for its westward orientation with war and territorial losses. Even those who condemn this might come to the sobering

conclusion that it is better to keep your head down in Russia’s shadow than to throw yourself into “geopolitical adventures”.

But this is exactly where the democratic forces come in with their desire for an EU perspective – not in spite of the fact that all developments in their home country are pointing in the opposite direction, but precisely because of it. They firmly believe that the old Belarusian dream of remaining an island of neutrality in the midst of severe geopolitical storms has irretrievably gone, as clearly shown by the war.

By providing Moscow with comprehensive support for the invasion of Ukraine, the Minsk regime has unambiguously sided with the aggressor, having previously erased the nominal neutrality clause from its constitution. Not only has it isolated itself from all its other neighbours, it is also tragically promoting a neo-imperial campaign of subjugation that by its very nature also threatens Belarus as a cultural nation. As such, internal Russification is in full swing, with Russian nuclear missiles in Belarus securing Moscow’s military access. Yet if the alliance with Russia means shared guilt in the aggression, isolation and self-destruction, and neutrality is not an option – Russia in particular will not accept the latter – the European path is perspectively the only reasonable alternative.

The democratic forces are aware that a radical change in the geopolitical situation is required before a government in Minsk can ever submit a formal application for EU membership. Russia would need to be preoccupied with itself after losing the war, while Belarus would have to undergo a democratic transformation. Yet the democratic forces are working towards precisely this scenario, which would also be in the interests of the country’s European neighbours. Today’s expression of the EU perspective is intended to vividly emphasise that Belarus would not be on its own in such a scenario. The European Union could, it is hoped, reach out at such a historic moment with offers of close cooperation, investment and a package of stabilisation measures in the economic, security

and energy sectors. If this were to happen, there would very likely be a shift in public opinion in the country, too.

A strong, democratic Belarus would also be a promising partner for the EU, and in view of its high level of education, promising economic sectors such as IT and electromobility, a comparatively well-functioning administration, moderate levels of corruption and a strong sustainability record, it would be an attractive candidate for membership in the long term, potentially also providing key impetus for a – currently utopian – democratic restart in Russia itself. The strategic question for the EU is therefore whether it wants to accept the challenge of offering the people of Belarus an alternative of this kind. In any case, the EU faces the task of having to advance significantly if it is to remain capable of geopolitical action, accommodate the countries already in the “waiting room” – from Albania to Ukraine – and effectively convey a sense of stability, both on the continent and beyond.

With regard to Belarus, however, the initial priority for today is to think of the country as being part of the “European family” and to communicate this clearly to the people and relevant target groups in Belarus. At best, this can serve to initiate preparations – even today – in the form of visible, concrete steps of support that deepen and stabilise cooperation between the EU and (pro-democratic) Belarus. This includes dialogue formats, improving the framework conditions for Belarusian companies and preserving freedom of travel in order to convey a sense of welcome to the population at large.

*– translated from German –*

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- 1 Democratic Forces of Belarus 2023: Declaration of Future Membership of Belarus in the European Union, Conference “New Belarus 2023”, 11 Aug 2023, in: <https://bit.ly/3r44nka> [8 Sep 2023].
- 2 Current opinion polls show around 25 per cent in favour of the EU and 50 per cent in favour of Russia.
- 3 In the Balkans and Eastern Europe, for example, the prefix “EURO-...” is often used to advertise products and services.
- 4 A recent expedition to demarcate Europe from Asia took place in 2010, see Chibilev, A.A. 2010: Первые Уточнения Границы Европа-Азия (First clarification of the Europe-Asia border), Orenburg Regional Department of the Russian Geographical Society, in: <https://bit.ly/3LgH11L> [8 Sep 2023].
- 5 Europe has 15 landlocked countries. Hungary, the second largest, is less than half the size of Belarus.
- 6 Arlou, Uladzimir / Herasimovich, Zmicier 2018: Faszination Belarus, Vilnius, p. 37.
- 7 Nowadays, the word “Lithuania” refers to the Baltic republic of the same name. Historically and as used in this article, the word refers to the multi-ethnic Grand Duchy.
- 8 From a modern perspective: Belarusians, (western) Ukrainians and various Baltic tribes that either no longer exist in such diversity or, according to today's understanding, have been absorbed under the term *Lietuvai* (Baltic Lithuanians).
- 9 Relations with Poland, both before and after, were not easy either. Critical historians in Lithuania, Belarus and Ukraine see a colonialist attitude on the part of the Polish state, leading to such events as the Khmelnytsky Uprising of 1648 and also gaining a foothold in the inter-war period. To this day, Russian and Belarusian regime propaganda argues that the Tsarist Empire liberated Belarus from the yoke of Polish rule.
- 10 This is still a point of reference for nationally and democratically minded Belarusians today.
- 11 Dornfeldt, Matthias / Seewald, Enrico 2019: Die Beziehungen zwischen Deutschland und Belarus 1916 bis 1925, Vilnius.
- 12 Snyder, Timothy 2011: Bloodlands. Europe between Hitler and Stalin, Munich.
- 13 Ibid.
- 14 Some estimates put the number of German words in the language at up to 1,000, especially in areas such as trade, crafts and the military.
- 15 Freedom House 2018: Freedom in the World 2018 Scores, in: <https://bit.ly/3sMjRtG> [8 Sep 2023].
- 16 Ivanova, Antonia 2019: Литва – самая лояльная к белорусам по выдаче шенгенских виз (Lithuania is most loyal to Belarusians in issuing Schengen visas), Delfi, in: <https://bit.ly/487JyoD> [8 Sep 2023]; Schengen Visa Statistics 2018: 2018 Schengen visa statistics by third country, in: <https://bit.ly/3P7PIMN> [8 Sep 2023].

- 17 Shelest, Oksana 2020: Revolution in Belarus – Faktoren und Werteorientierungen, Belarus-Analysen 53, 21 Dec 2020, p. 2, in: <https://bit.ly/3sQVivr> [8 Sep 2023].
- 18 O’Loughlin, John/Toal, Gerard/Bakke, Kristin 2020: Is Belarus in the midst of a generational upheaval? Global Voices, 17 Sep 2020, in: <https://bit.ly/3Ety410> [8 Sep 2023].
- 19 Peskov does not even claim this anymore. Instead, he speaks of a costly bureaucracy. Krumbeck, Victoria 2023: “Rote Linie”: Putin flirtet in Russland mit dem Übergang zur “offenen Diktatur”, Frankfurter Rundschau, 21 Aug 2023, in: <https://bit.ly/465afZ9> [8 Sep 2023].
- 20 Yet the 2020 protests were also predominantly Russian-speaking, and five Slavic countries are members of the EU.



[Shaping Europe Pragmatically](#)

# From Problem Child to Model Student

Greece's New Role in Europe

Marian Wendt / Eleftherios Petropoulos



Sovereign debt, migration crisis, corruption – this was what people associated with Greece up until a few years ago. Recently, we have been reading more about growth, a return to the capital market and increasing popularity. The country has one of the highest growth rates in the EU and is developing into Europe’s energy hub. How did this come about? What has been done right in recent years? And what does Greece’s new self-confidence mean in terms of the country’s geopolitical orientation and European policy?

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### **Before the Crisis: The “Golden” 2000s**

With the introduction of the euro in 2002, Greece finally became part of the inner circle of the European integration process. At the same time, Greece’s inclusion in the eurozone meant that the possibility of devaluation and the individual assessment of public finances and economic strength by banks and international institutions was initially eliminated, so interest rates for Greek government bonds were at a standardised European level in the 2000s. This led to a sudden availability of cheap money in the country, thereby generating a momentum that was further fuelled by the national football team winning the 2004 European Championships and the country hosting the Olympic Games in the same year.

Greece was in a state of elation: public-sector investments went ahead, the public administration was further expanded, and the ruling parties in particular created numerous privileges. For example, employees could retire after only 20 years of work if they had an underage child. There were bonuses for coming to work on time in the public sector. The parties recruited supporters in droves, who then had to be provided for accordingly in order to retain them. This led to more protection of vested interests, thereby perpetuating the phenomenon of cronyism and clientelism. The rude awakening came in 2008 with the collapse of the investment bank Lehman Brothers and the start of the banking crisis, which led to a sovereign debt crisis in Greece two years later – the beginning of a decade of

severe economic and political upheaval in the country.

### **A Country in Crisis: Collapse in the 2010s**

When the financial crisis occurred, the capacity of states to respond appropriately to economic crises was called into question. Although they were all part of the same economic community, the member states of the eurozone proved to have different levels of resilience; Southern Europe in particular was put to the test – and Greece especially. The chronic weakness of the Greek economy and the lack of structural changes, combined with the lack of transparency in the publication of the country’s budget figures, led to economic collapse. The premiums for Greek government bonds skyrocketed: the interest rate on Greece’s long-term bonds peaked in February 2012 at 29.2 per cent<sup>1</sup>, creating a situation in which Greece was no longer able to service its debt. The Greek state was “rescued” by means of three different aid packages provided by the European Union and its member states in order to avert insolvency. However, this “rescue” was linked to conditions that can be summarised under the following main objectives:

- the sustainability of public finances was to be restored,
- financial stability was to be maintained,
- reforms were to be implemented to promote growth and employment,
- the public sector was to be modernised.

## Learning from Crises: The Dawn of a New Decade

The necessary reforms, particularly in the areas of labour, social security, economic consolidation and justice, led to severe cuts and major social upheaval. This in turn resulted in widespread political change in the country. Having been one of the two traditional pillars of power in Greece for the preceding 40 years, the social democratic party PASOK collapsed. At the same time, the left-wing alliance Syriza emerged, primarily supported by the nationwide protests against the reforms. When Syriza formed the government together with the right-wing populist ANEL (Independent Greeks) in 2015, Prime Minister Alexis Tsipras and his Finance Minister Yanis Varoufakis promised to abandon the painful reforms. The reality of the economic situation quickly caught up with them, however, and they were also forced to implement measures that, although unpleasant, were considered necessary by most experts.

### Despite positive developments, Greece has the second-highest unemployment rate in the EU.

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It was not until the election of Kyriakos Mitsotakis in 2019 that the country was gradually able to shake off the lethargy of the crisis years. Mitsotakis and his conservative *Néa Dimokratía* (ND) party recognised the need for the reforms introduced thus far and had already developed further ideas for the future of Greece during their time as an opposition party. These were now implemented more consistently than before. The measures gradually began to take effect and, step by step, the country has been able to regain access to the international capital market over the past four years. The rating agency S&P Global Ratings restored Greece to “creditworthy” status on 20 October 2023, followed by Fitch in December 2023.<sup>2</sup> Greece is now also seeing higher economic growth and was able to tackle the COVID-19 crisis more effectively than other countries in Europe thanks to a now more

efficient state. The idea of Greece 2.0 was born, restoring pride and motivation to the Greeks. The so-called National Recovery and Resilience Plan provides for 106 investments and 68 reforms spread across four pillars:

- green transition;
- digital transformation;
- employment, skills and social cohesion;
- private investment and economic transformation.

This will mobilise a total of 31.16 billion euros.<sup>3</sup>

### Taking Stock of Recent Domestic Policy: More Positives than Negatives

Greece’s development is progressing slowly but steadily and citizens are starting to feel the results of a prudent economic policy. Despite the major challenges that the country has recently faced – such as the COVID-19 pandemic, which hit at a sensitive time when the country’s recovery had only just begun, and the war in Ukraine – the measures taken have helped the economy return to pre-crisis levels. It was also possible to prevent a large part of the population becoming impoverished as a result of exorbitant energy costs. This is particularly notable, because despite a significant drop in unemployment, Greece still has the second highest rate in the EU. Major challenges also remain in other areas of the economy and the welfare state, not least due to demographic trends: Greece’s population is ageing and the country has one of the lowest birth rates in Europe (1.26). The most recent census in 2021 recorded a decline in the country’s total population (10.48 million) for the first time. Meanwhile, life expectancy has risen to an average of more than 80 years.

Combined with past distortions in the labour and insurance sectors, which led to the early retirement of hundreds of thousands of citizens, this has resulted in an explosive mix for the future of insurance in Greece. In recent years, numerous measures have been taken to establish a basis for the sustainability of the insurance system, but efforts still have to be continued in this area. It



Post-pandemic recovery: With the number of visitors set to surpass 35 million, 2023 might turn out to be a record year for Greece's tourism sector. Those high figures pose a challenge to public infrastructure, however. Photo: © Thanassis Stavrakis, AP, picture alliance.

should not be forgotten that more than 500,000 highly qualified young people left the country during the years of the crisis to pursue a better life abroad. Most of them have not yet returned and the brain drain continues, albeit to a lesser extent.

Nonetheless, the outlook for one of the most important sectors of the Greek economy is positive: with more than 35 million guests, 2023 is expected to be the best year in the history of Greek tourism. In recent years, considerable investments have been made in both classic and lesser-known destinations. At the same time, however, this makes further measures necessary, since the impact of mass tourism and the problems it entails are becoming apparent in some places. The often limited or outdated public infrastructure is no longer able to meet the marked increase in demand, leading to a deterioration in services for both locals and visitors.

Revitalisation of public investment has already solved some of these problems in the area of infrastructure. In recent years, Greece has built up an extensive road network that is one of the largest in Europe in relation to the country's population. Thanks to the effective use of EU funds, the public infrastructure has been modernised and made eco-friendly. Yet considerable

deficits remain: the railway tragedy that claimed numerous lives in Tempi at the beginning of 2023 highlighted the state's chronic failure to modernise its infrastructure in certain important areas and bring it into line with European and international standards. Similar conclusions can be drawn from the devastating forest fires that occurred in the summer of 2023 and the inability of the authorities responsible to provide citizens with a high level of civil protection in the face of the worsening climate crisis, which will clearly hit Greece and the Mediterranean region hard.

At the same time, however, the government is introducing positive measures in terms of sustainability by providing incentives for private individuals to renovate their homes and upgrade their energy efficiency: this will reduce the country's energy footprint – energy savings in the private sector alone are expected to amount to at least 213,000 tonnes of oil equivalent per year by 2025. This is around 1.5 per cent of the country's total annual energy requirements, or the consumption of 105,000 households. By 2030, energy savings of up to 30 per cent are to be achieved across the country compared to today.<sup>4</sup> Thanks to political stability and the reliable economic upturn, large companies and industrial



Strong support: Ever since Russia attacked Ukraine, Greece has stood firmly on Kyiv's side. The picture shows Greek Prime Minister Mitsotakis receiving President Zelensky in Athens in August 2023. [Photo: © Giorgos Kontarinis, Eurokiniss, ANE, picture alliance.](#)

firms have regained confidence in the country and are relocating to Greece, particularly in the technology, logistics and pharmaceutical sectors.

### **The country's new-found stability is helping to strengthen its international profile.**

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The digital revolution in Greek public administration was one of the dominant messages that the Mitsotakis government was able to draw on for its re-election in the summer of 2023. Digitalisation has led to an improvement in relations between citizens and the state, thereby strengthening trust in institutions to a certain extent. A range of services are now provided digitally, reducing the costs of government administration. Digitalisation has played an important role at key moments: examples of this include the efficient administration of vaccinations established during the pandemic, but also the introduction of a standardised emergency number (112). A single number also ensures that the security authorities can be contacted quickly, promoting standardisation across Europe. Another example is the “Market Pass”<sup>5</sup>, a measure designed to help households cover part of the increased cost of purchases, particularly

food. Citizens who are entitled to this benefit receive a special debit card from the banks to which the state transfers the benefit.

As a result, digitalisation has improved relations between citizens and the state and made many services accessible electronically, but public bureaucracy has still not been modernised and streamlined as much as it should have been. In the area of justice, for example, only a few steps have been taken to shorten the duration of proceedings, while the acute problems of understaffing in the administrative services and the reorganisation of the court system remain. This is an area where digitalisation is not yet sufficiently advanced. Much has been done in the field of education and there have been significant breakthroughs here in recent years. Digital education has been introduced and curricula have been modernised. Nonetheless, further efforts must be made to adapt the education system to the rapidly changing working environment and the needs of the future.

### **Strengthening the Country's Reputation within the EU and Internationally**

Abroad, the sense of stability that Greece has begun to convey after years of crisis and political experimentation has helped strengthen the country's profile, both internationally and in terms

of European policy. Having long played a role on the international stage as a problem case at best, Greece has started to become a formative player also capable of contributing its strategic goals in the European context. These new Greek foreign policy goals can be summarised as follows:

*Conclusion of Strategic Partnerships and Alliances with Countries Such as Israel and Egypt – Particularly in the Energy Sector*

In recent years, Greece has developed active diplomacy in the Eastern Mediterranean and the Balkans aimed at strengthening the country's position as an energy hub. This includes plans for the development of environmentally friendly electricity transmission cables in cooperation with Israel (EuroAsia Interconnector) and Egypt (GREGY). At the same time, there has been significant expansion of the grids connecting the country with its northern neighbours and with Italy and Turkey. Greece has greatly increased its LNG storage capacity, contributing not only to its own energy security, but also increasing its capacity to provide its neighbours with energy, thus making them less dependent on Russian gas. The country is now investing heavily in the development of renewable energy sources and is increasing the share of these in the energy mix. According to official figures from the state grid administration authority (ADMIE), the share of renewable energies in energy generation reached 47.1 per cent in the period from January to October 2022, surpassing that of fossil fuels. In October 2022, the country was supplied with electricity exclusively from renewable energy sources for an uninterrupted period of five hours.

*Enhancement of the Traditional Strategic Alliance with the United States and France*

In a context of instability and uncertainty on a global scale, Greece is strengthening its defences: the traditional strategic cooperation with the United States is being placed on a new footing. The new “spring” in Greek-American relations is reflected in the promotion of the role of the port of Alexandroupolis on the border with Turkey as

an alternative point of access to the Black Sea – facilitating the transfer of valuable war material supplies to Ukraine, among other things – and also in the conclusion of a mutual defence agreement in May 2022.

Likewise, Greece is seeking to pursue closer relations with France: a year earlier, in 2021, a defence agreement to this effect was concluded as part of a comprehensive armaments package, with the delivery of state-of-the-art frigates from France as the main element. In South East Europe and the Mediterranean region, Greece is strengthening its military deterrent capabilities – and therefore NATO's eastern flank. There has been a high price to pay, however: in 2022, Greece spent 3.54 per cent of its gross domestic product on defence – the highest percentage in the entire alliance, even surpassing that of the United States.

*Ending Decades-old Border Disputes with Neighbouring Countries*

In June 2020, Greece signed an agreement with Italy on the demarcation of the Exclusive Economic Zone (EEZ), thereby putting another piece of the puzzle in place to legally safeguard the rights of the Eastern Mediterranean countries. Another point worth mentioning here is the political agreement arrived at between Greece and Albania on their joint appeal to the International Court of Justice in The Hague on the issue of the demarcation of their EEZs. A declaration has yet to be signed, however. In October 2020, Greece signed an agreement with Egypt on the mutual (partial) demarcation of their EEZs – calling into question the memorandum previously concluded between Turkey and Libya to define their EEZs and which contains demarcations incompatible with those established in the agreement between Athens and Cairo.

*Active Participation as a NATO and EU Member in Supporting Ukraine against Russia's War of Aggression*

The war in Ukraine marked a turning point not just in Greek foreign policy but also in the country's national and historical narratives regarding

its traditionally close relations with Russia, which are mainly based on the shared Orthodox tradition. The clear support for Ukraine from the outset and alignment with the Western camp dispelled concerns that close Greek–Russian relations could influence the country’s position on the war in Ukraine. Greece is providing political, military, material and moral support to Ukraine – a policy that was confirmed during President Zelensky’s visit to Athens in August 2023, when a joint declaration was signed on the continued support of Ukraine in the war in defence of its national integrity and its path to the EU.

#### *Addressing Security Challenges in Relations with Turkey*

Greece’s relations with Turkey have repeatedly been characterised by phases of increased and lowered tension. Until the earthquake in Turkey and the train accident in Tempi, Greece, both of which took place in February 2023, relations had reached a turning point: a heavy shadow had been cast on Greek–Turkish relations by the increasing challenges to Greece’s security through the instrumentalisation of migrants, the passage of Turkish research vessels in disputed waters for the purpose of hydrocarbon exploration, the challenge to Greek sovereignty over the Aegean islands, Turkey’s policies – perceived as aggressive by Greece – on key international agreements from the past, and its provocative rhetoric towards Greece. However, the Greek government’s determined and moderate stance contributed to avoiding an escalation and effectively protecting Greek interests. Following the elections in the two countries in mid-2023 and in line with the solidarity explicitly expressed and granted to each other during the earthquake and the train accident, bilateral relations are once again in a phase of *détente*. Mutual meetings and visits are leading to a rapprochement. Military provocations are currently being refrained from. This phase culminated in the meeting between Prime Minister Mitsotakis and President Erdogan on 7 December 2023 in Athens and the signing of numerous intergovernmental agreements.

#### *Greece’s “Return” to the Balkans*

The Greek presence in the South East European region has been strengthened in recent years. Together with Germany, Greece is one of the main drivers of the Berlin Process for the integration of the Western Balkans into the European Union. Up until the outbreak of the financial crisis, Greece had a strong economic presence in the region, while Greek banks penetrated many Balkan markets, including Bulgaria, Romania, Albania, Serbia and North Macedonia. After years of absence, Greece is now returning to the Balkans. At the same time, it is also developing a series of diplomatic initiatives aimed at strengthening the European course of the Western Balkans, while at the same time trying to solve its own bilateral problems with its neighbours. The most recent example of this are the negotiations with Albania on defining the maritime border in the Ionian Sea. However, the case of the arrest of a mayor of Greek origin in a small town in southern Albania has been testing relations between the two countries for months, as doubts have been raised on the Greek side about the rule of law in the neighbouring country.

#### *Proactive Involvement in Europe*

Greece is exerting greater influence on the policies of the European Union, too. In addition to the matters already mentioned in the energy sector and the strategic alliances in the Middle East and Far East, the area of regulations on migration is one example of where the country can raise its issues to a greater extent at EU level. Here it can be observed that the image of the European Union in Greece has changed in recent years – despite the fact that the reforms triggered in the country by external pressure remain unpopular. Migration is the dominant topic when it comes to EU debates: the number of refugees arriving in 2023 will almost reach the level of 2019, the year with the highest numbers to date. The reform of the common asylum rules currently being negotiated between the EU institutions includes key demands from Greece: these involve arriving migrants being distributed across the member states, and the country of arrival at the EU’s

external border no longer being solely responsible for asylum procedures and residence. The current five EU hotspots can form a technical basis for this, as registration, asylum procedure, accommodation and coordinated follow-up processes are already being trialled and implemented on a daily basis there.

## Conclusion

Greece is a South East European country that conveys a sense of stability in an environment of uncertainty. It is a constitutional state: the oldest in the region, facing challenges, of course, and requiring constant vigilance for its protection. It has weaknesses that need to be addressed with regard to pluralism and also in the quality of journalism. The Europe-wide rise of the extreme right has left its mark on Greece, too. The phenomenon of the neo-fascist Golden Dawn party may have been dealt with in court due to its criminal nature, but as the recent elections showed, a significant proportion of the population supports forces that pose a challenge to public debate. Protecting the country's institutions and ensuring a high level of democratic dialogue are crucial objectives.

Greece has worked its way out of the crisis of the 2010s. It is now mainly up to the Greeks themselves and their re-elected government to continue to develop the country, striving for continuity and consistently pursuing reforms in public services while ensuring a constructive and vigorous foreign policy and astute communication. Greece is an example of how a country can reform its way out of a crisis with the help of European solidarity and emerge stronger as a result. Europe could do with more positive examples like this!

*– translated from German –*

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- 1 CEIC 2023: Greece Long Term Interest Rate, in: <https://ogy.de/4n1r> [6 Dec 2023].
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- 4 Greek Government 2023: Save 2023, in: <https://bit.ly/46barqa> [16 Oct 2023]. The tonne of oil equivalent (TOE) is a unit of measurement for the amount of energy released when one kilogramme of crude oil is burned. In the area of energy technology (heating), it is referred to more specifically as heating oil equivalent in ktoe (kilotonne of oil equivalent).
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Photo: © Foto Huebner, picture alliance.

[Shaping Europe Pragmatically](#)

# A Stability Union or a Debt Union?

A Strategic Decision for Europe

Tim Peter



Europe faces major investments in the future, but also mountains of debt. For this reason, it is crucial to align digital and environmental transformation with a stability-oriented fiscal policy. How is this aspiration reflected in the differing economic traditions of the EU member states? What steps need to be taken to create a stability union rather than a debt union?

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### Where Do You Stand on Public Debt?

The European Union and its member states are facing major challenges: they have to achieve digital and environmental transformation, they need to enhance their resilience and defence capabilities in response to the Russian war of aggression against Ukraine and last but not least, they must not neglect efforts to promote Europe's competitiveness. All three goals have one thing in common: they require investment.

Where will the necessary funds come from? There are usually three options here:

1. higher taxes and levies,
2. restructuring of the existing budget,
3. borrowing.

Regarding the latter option, the EU currently faces the crucial question: where do you stand on public debt? In particular, all eyes are on the debate surrounding the reform of the Stability and Growth Pact (SGP) – the centrepiece of European debt rules.

In this context, the roles are no longer as clearly assigned as they once were with the “frugal North” on the one hand and the “free-spending South” on the other. The joint initiative to reform EU debt rules undertaken by Spain and the Netherlands is an example of the shift that is happening here. At its core, the question is: which path should Europe pursue in order to achieve its multiple and costly goals – increased debt or a stability-oriented fiscal policy?

### Europe's Differing Economic Traditions

Here, the EU member states' differing economic traditions and approaches are revealed. Some are pushing to cut public spending in order to reduce debt, while others argue that public spending should be increased so as to stimulate economic growth, thereby reducing debt through growth.<sup>1</sup> The Brussels think tank Bruegel is among those suggesting the introduction of a “Green Golden Rule” (GGR) for EU debt rules, a concept that goes back to the economists Chichilnisky, Heal and Beltratti.<sup>2</sup> The aim here is to enable more debt-financed public investment in digital and environmental transformation by differentiating between the type of public expenditure, allowing countries with healthy public finances to pursue such investments outside of EU debt rules.<sup>3</sup> Even stability-oriented economists like Thiess Büttner say that debt can make economic sense under certain circumstances. Firstly, it can have a stabilising effect in the event of short-term financial needs, especially in times of crisis. Secondly, the state can usually borrow money on the capital market at better conditions than private actors.<sup>4</sup>

### Why Fiscal Rules Are Needed

Nevertheless, Büttner argues that constraints are needed in the form of a debt brake and European fiscal rules. The main reason for this is what is known as time inconsistency. A government will tend to work harder to achieve short-term success with a view to being re-elected, thereby neglecting optimum long-term financial planning. As a result,

Protests in Paris: In May 2023, numerous people took to the streets in protest of the pension reform proposed by the French government. According to economists, however, expensive pension systems are often a central reason for a strained budget. Photo: © Maxime Gruss, Hans Lucas, picture alliance.

it always falls to the successor government to take care of debt reduction. According to Büttner, this has devastating consequences:

1. Uncertain repayment of government debt can burden the economy as a whole, thereby resulting in economic losses.
2. Monetary policy can be used to keep interest rates low for refinancing government debt, which in turn fuels inflation.<sup>5</sup>

The economists Kauder, Matthes and Sultan also argue that a potential debt crisis, that may be caused by a lack of financial sustainability, endangers all the other goals of an economy, including environmental transformation, and that the goal of financial sustainability must therefore be pursued as a matter of priority.<sup>6</sup>

### **Germany would not have been able to respond so resolutely during the COVID-19 pandemic if it had not ensured that its finances were sound in the preceding years.**

Empirically, it is difficult to sustain the argument that debt-financed public spending contributes to an increase in productivity per se and therefore – as a result of increased economic growth – does not burden subsequent generations. In reality, additional funds have tended to be spent less on education and investment and more on consumptive social spending.<sup>7</sup> Moreover, the option of borrowing money is often used to put off necessary structural reforms. One



example is the French pension reform. According to the economist Jörg König, the expensive pension systems of southern Europe are in fact among the crucial factors explaining the tight budgetary situation faced by some southern European member states. König further shows that a “negative interest rate growth differential” has failed to materialise in the longer term, especially in Italy. A negative interest rate growth differential describes a situation in which the increased interest costs resulting from borrowing are absorbed by the economic growth thus stimulated. Italy, for example, has not been able



to achieve a single negative differential rate in the first 20 years of monetary union.<sup>8</sup> This also makes it difficult in practice to implement the Green Golden Rule approach, which tends to have negative consequences. Rather than mobilising the necessary investments through difficult but equally necessary budgetary reallocations and structural reforms, it finances them by means of additional debt while maintaining the status quo. The ability to mobilise capital quickly in times of crisis and therefore achieve greater resilience also depends on moderate government debt, as the economist Lars Feld

emphasises.<sup>9</sup> For example, Germany would not have been able to respond so resolutely during the COVID-19 pandemic and the energy price shock as a result of the Russian war of aggression against Ukraine if it had not ensured that its finances were sound in the preceding years.

In addition to the incentives for governments to take on debt beyond the economic optimum, there is another component in a monetary union: risk-sharing as an incentive to increase debt. Member states are closely interlinked economically through the common currency and

the single market, so the default of one country would have a significant impact on the others. Consequently, the costs of default are borne not only by that country, but by the entire monetary union. Moreover, unsound fiscal policy pursued by individual member states makes it more difficult for the monetary union as a whole to fight inflation.<sup>10</sup> This is the conclusion arrived at by the economist Jörg König: “Permanently rising debt ratios are either tomorrow’s taxes or tomorrow’s inflation.”<sup>11</sup>

### Europe’s Mountains of Debt

The SGP was adopted in 1997 under the Treaty of Amsterdam with a view to coordinating a common monetary policy and a decentralised fiscal policy more effectively. It incorporates the Maastricht criteria of 1992, which stipulate that the annual public deficit may not exceed three per cent of gross domestic product (GDP) and that the debt level may not exceed 60 per cent of GDP. The SGP was reformed in 2005 and was then supplemented by tighter rules and additional instruments as a result of the euro crisis, including the “Six Pack” adopted in 2011, the European Stability Mechanism (ESM) introduced in 2012 and the Fiscal Compact signed in the same year. These measures were aimed at stabilising the monetary union and making it more resilient. Among other things, the member

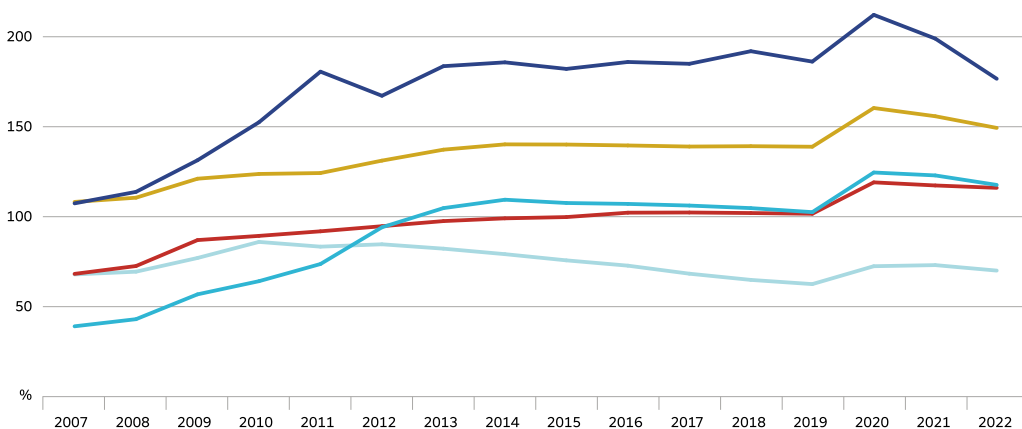
states<sup>12</sup> made a voluntary commitment under the Fiscal Compact to establish debt brakes at national level.

Nevertheless, the economist Matthias Kullas says that the SGP is “not a success story”. Greece, for example, has exceeded the maximum government deficit of three per cent of GDP in 21 years out of 25 since the introduction of the SGP, although there has been recent success in reducing Greek debt levels through structural reforms in the wake of the euro crisis. The figures for the second Maastricht criterion are also sobering: since the introduction of the SGP, twelve of the member states that currently have debt levels above 60 per cent of their GDP have not reduced these debt levels but increased them.<sup>13</sup>

**Interest costs are rising, especially for highly indebted states.**

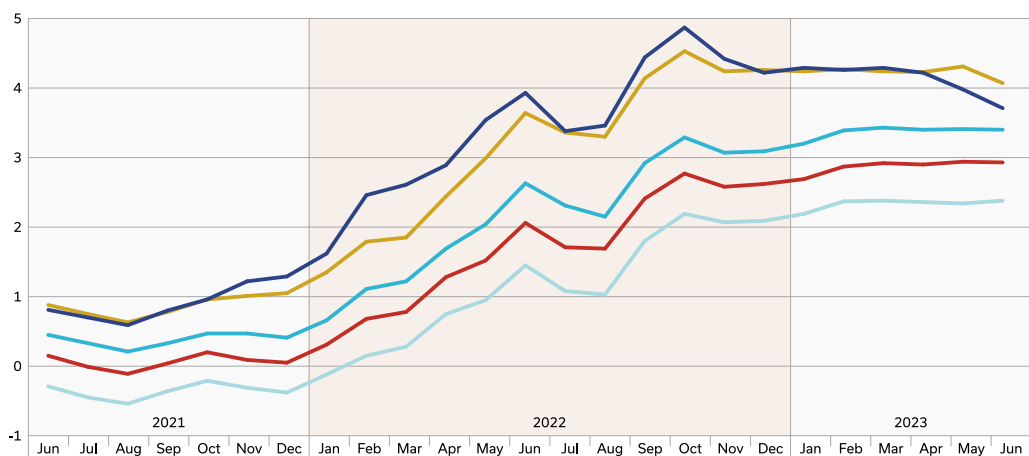
A look at the debt levels of Greece, Italy, Spain and France in Figure 1 shows how far the Maastricht ceiling of 60 per cent of GDP has been exceeded: Greece had a debt level of about 171 per cent of GDP in 2022, Italy about 144 per cent, Spain about 113 per cent and France

**Fig. 1: Public Debt in Relation to GDP**



■ Greece ■ Italy ■ Spain ■ France ■ Germany Source: own illustration based on Eurostat 2023: Government Deficit/Surplus, Debt and Associated Data, in: <https://ogy.de/oxgr> [10 Oct 2023].

**Fig. 2: Interest Rates on Ten-year Government Bonds (Interest Rates in Per Cent)**



Legend: ■ Greece ■ Italy ■ Spain ■ France ■ Germany Source: own illustration based on ECB 2023: Long-term Interest Rate Statistics for EU Member States, in: <https://ogy.de/u8ls> [10 Oct 2023].

about 112 per cent. In a study by the German Economic Institute, the economists Kauder, Matthes and Sultan used debt sustainability analyses to model developments in several euro countries up to the year 2030. For this purpose, they projected three underlying scenarios: economically optimistic, intermediate and pessimistic. For France, all three scenarios result in an increase in debt level, largely due to the high deficit of the French budget.<sup>14</sup> In view of this, another SGP rule seems increasingly unrealistic: the so-called 1/20 rule stipulates that countries must reduce their debt level back to the 60 per cent mark within 20 years. This would result in rigorous austerity measures for countries like Greece and Italy, probably triggering a recession. As a result of the ensuing economic slump, the debt-to-GDP ratio would then be even higher.<sup>15</sup> It is therefore imperative that this rule should be reformed, albeit without opening the door to a further increase in debt levels.

### Difficult Refinancing and the Role of the European Central Bank

Interest costs are also rising, especially for highly indebted states. Italy and France have to refinance about one eighth of their debt each year, in other words replace old government bonds with new ones. Newly issued government bonds

are subject to significantly higher interest rates than those issued just a few years ago, as Figure 2 shows. For example, the interest rate for ten-year French government bonds was 0.05 per cent in December 2021, already rising to 2.62 per cent by December 2022. Germany's federal interest expenses have also increased from four billion euros in 2021 to a projected 40 billion in 2023.<sup>16</sup>

### The ECB mitigates undesirable developments caused by the euro countries' fiscal policy.

On 21 July 2022, in response to the rise in interest rates, the Governing Council of the European Central Bank (ECB) adopted what is known as the Transmission Protection Instrument (TPI). The aim of this instrument is to allow bonds of individual euro states to be purchased under certain circumstances in order to curb unjustified interest rate premiums on their bonds.<sup>17</sup> According to the economist Jürgen Matthes, the TPI closes a gap in the Economic and Monetary Union. At the same time, it has certain deficits in its current form: due to unclear conditionality, for example, it may reduce the incentive for euro countries to maintain fiscal sustainability.

Moreover, it is not clear how the ECB will distinguish between justified and unjustified interest rate premiums. According to Matthes, one solution would be to integrate the TPI into the ESM.<sup>18</sup> Unlike the ECB, the ESM was created to support over-indebted euro countries: it is methodologically sound in this area, legally secure and democratically legitimised.

The TPI has not yet had to be applied, however, since the announcement of the instrument was probably already enough to calm the markets. There are obvious parallels here with Mario Draghi's "whatever it takes" speech in July 2012 at the height of the European financial and debt crisis: in the same way, it was not subsequently necessary to apply the Outright Monetary Transactions (OMT) programme set up at the time that would have allowed the ECB to purchase unlimited amounts of government bonds.<sup>19</sup> Another reason is that replacement purchases were made under the Pandemic Emergency Purchase Programme (PEPP) established by the ECB during the COVID-19 pandemic. This comprises a potential total of 1.85 trillion euros.<sup>20</sup> In this way, a large number of German government bonds were replaced by Italian government bonds in order to counteract the increased interest rate premiums on the latter.

For some time now, the ECB has been indirectly supporting the budgets of highly indebted euro countries through its bond purchase programmes. In the case of Spain and Italy, for example, the shares of government bonds held by the ECB each amount to almost 50 per cent of national GDP.<sup>21</sup> The problem with the ECB's increasing intervention is that it is moving further away from market neutrality, possibly balancing the goal of fighting inflation against the goal of not overburdening highly indebted euro countries with its key interest rate hikes.<sup>22</sup> On the other hand, the ECB's monetary policy mitigates undesirable developments caused by the fiscal policy of the euro countries. A functioning stability union would not put the ECB in a position to consider major interventions in the first place.

## Quantitative, Uniform Fiscal Rules or Qualitative, Individual Negotiations?

Quantitative, uniform fiscal rules are indispensable for a union of stability. However, these are increasingly being called into question in the debate on the reform of the SGP.<sup>23</sup> For example, it is proposed that individual debt reduction plans should be agreed on between the EU Commission and the member states. This would strengthen "national ownership" on the part of member states, it is argued, and would take account of the concrete economic situation. It is difficult to dismiss the argument that the domestic political situation in some more indebted member states, such as France, makes medium-term budget consolidation difficult. Nevertheless, individual agreements do not solve the problem. For example, the economist Matthias Kullas writes that the differing economic traditions in Europe might lead us to expect increasing public spending on the part of some member states as a way of supposedly growing out of debt.<sup>24</sup> In fact, however, unpopular structural reforms are necessary in order to achieve long-term growth and sound finances.

**Politically, it is difficult for the Commission to impose further financial burdens on member states that already face financial problems.**

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Negotiating individual debt reduction paths potentially creates a sense of external control by the EU rather than "national ownership". In practice, it would mean that a new government would first have to renegotiate the national debt reduction path with the EU Commission. This can increase frustration with Brussels, as demonstrated by the Greek sovereign debt crisis.<sup>25</sup> In general, qualitative rules based on a debt sustainability analysis give the Commission too much scope for interpretation, inevitably making it a political arbiter.<sup>26</sup> According to the economist



Friedrich Heinemann, there are also problems with the envisaged time frame of the debt reduction path, which can be extended from four to seven years if certain criteria are met: since it spans a legislative period, the problem of time inconsistency mentioned at the beginning continues to apply, he says, with the result that it always falls to the successor government to take care of savings and reforms.<sup>27</sup>

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### Simpler Rules with Efficient Enforcement

Instead, the SGP should be reformed with the aim of establishing simpler rules and more efficient enforcement. The economists Matthes and Sultan recommend that the planned debt reduction paths should introduce a benchmark requiring that net primary expenditure is lower than potential growth by a certain margin, for example. Increases in expenditure would therefore be lower than economic growth on average, normally resulting in a drop in the debt-to-GDP ratio.<sup>28</sup> Another possibility would be not to rely exclusively on financial sanctions in the event of rule violations. Politically speaking, it is difficult for the Commission to impose further financial burdens on member states that already face



The headquarters of the European Central Bank in Frankfurt: The ECB has been providing indirect support for the budgets of highly indebted euro countries with its bond purchase programmes for quite some time now. Photo: © Florian Gaul, greatif, picture alliance.

financial problems.<sup>29</sup> The European Semester, which is supposed to be used to coordinate economic policy in the EU, could also be awakened from its “long slumber” by being given more binding force, with its economic policy recommendations to the member states no longer remaining mere recommendations.<sup>30</sup>

The Commission’s reluctance to enforce fiscal rules is attributed by Kelemen and Pavone to its dual role as an “engine of integration” and “guardian of the treaties”. They say that enforcement of the fiscal rules would have led to diminished support for EU integration in the member states concerned, so open violations of the fiscal rules ultimately ended in formulaic compromises.<sup>31</sup> A promising response to this would be the creation of an independent, non-political supervisory body and the automation of EU debt rule application. During his time as German Finance Minister, Theo Waigel called for the creation of a European Stability Council, for example.<sup>32</sup> This is a role that could be taken on by the existing European Fiscal Board if its institutional status were to be enhanced. According to the economist Thiess Büttner, decentralisation of fiscal rules with independent, national fiscal institutions is also a way of achieving more efficient compliance with these rules. The bodies entrusted with this task in Germany are the independent advisory board of the Stability Council, the Joint Economic Forecast Project Group and the German Council of Economic Experts. However, this requires quantitative, uniform rules in order to be able to verify compliance transparently. By contrast, debt reduction paths negotiated between the member states and the Commission would be tantamount to re-centralisation.<sup>33</sup>

## Conclusion

Europe faces major investments in the future, but also mountains of debt. Since unsound fiscal policy may potentially lead to a new debt crisis in the medium term, it might jeopardise digital and environmental transformation. For this reason, the goals of transformation must be pursued subject to the condition of sound

fiscal policy. In order to achieve this, the focus must be on uniform, quantitative debt rules, an independent supervisory body and greater decentralisation of the monitoring of debt rules by national fiscal institutions. By contrast, the continuation of expansionary monetary and fiscal policy with extensive bond purchase programmes is not a sound growth strategy. This policy, along with other factors, has led to high inflation. In order to grow out of debt sustainably and manage digital and environmental transformation, what is needed instead are structural reforms and prioritisation in the existing budget. It is up to individual member states under their national sovereignty to decide where to apply these measures. It is legitimate to ask whether partial debt financing of southern Europe’s expensive pension systems is still sustainable, however, given the lack of investment in digital and environmental transformation, for example. Positive examples of necessary structural reforms are to be seen in Portugal and Greece, which have paved the way for solid growth and a reduction in their debt levels through reform efforts during the euro crisis.

*– translated from German –*

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