

## Policy Position

# One year of geopolitical Commission

## Time to get real

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#GeopoliticalEU  
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Twelve months ago, Ursula von der Leyen announced that her Commission would be a geopolitical one. This promise was a response to the crisis of multilateralism, the growing competition between the US and China, the fallout of Brexit, and the broad range of brewing and frozen conflicts in the EU's neighbourhood.

One year later, a geopolitically assertive EU is needed more than ever. The pandemic has underlined the vulnerability of Europe's supply chains and intensified the political rift between the US and China. The further the two superpowers move towards economic decoupling, the clearer it becomes how exposed Europe is to this rivalry. Meanwhile, the crises in the eastern Mediterranean, Mali, and Belarus have reminded Europeans of their geopolitical responsibilities.

The agreement on the €750 bn Recovery Instrument (RI) has proven the EU's internal capacity to act and secured crucial preconditions for Europe's global economic and political clout. Similar resolve is needed when it comes to external challenges.

### Defensive on geo-economics

The Commission has used the last year for a far-ranging update of Europe's defensive economic toolkit. It has ramped up regulatory shields to protect European firms from unfair foreign competition. It has issued new rules on foreign investment screening. It has initiated reforms to curb the distortive effects of foreign subsidies on the European market and facilitate mergers to create European corporate champions.

However, protective measures alone will do little to strengthen Europe's technological base, and progress in other areas remains scattered. Despite repeated lip service to deepening the single market and making

the EU the setter of global standards for the digital age, few initiatives have been taken on completing the banking union, developing the capital markets union, or reducing trade barriers in services. The Commission's industrial strategy also remains a broad collection of ideas without real resources to back them up.

### Cautious and divided on geopolitics

On geopolitics, the outlook seems even worse. The EU's ability to bring together political and military resources requires unanimity from the member states. Von der Leyen's attempts to change that by extending qualified majority voting to the EU's foreign and security policy stalled due to national sovereignty concerns. Consensus thus remains highly vulnerable to external pressure.

The recent crises in the east also show the EU's general unease as a geopolitical actor. After the special European Council meeting on Belarus in August, the presidents of the European Council and Commission stressed that this crisis was not a geopolitical one. The EU is eager to avoid Russia's logic of 'spheres of influence'. The question is what it will do if others force a geopolitical angle on the democratic struggle of the Belarusian people. A similar question arises regarding the Nord Stream 2 pipeline. German politicians insist that this merely an economic project, but it ceases to be apolitical the moment Russia decides otherwise.

European sovereignty is costly. The recent budget negotiations suggest that few are willing to pay the price. Expenses for future industries, innovation, and external action have undergone severe cuts. Research funds for Horizon Europe were halved, resources to stimulate investments under InvestEU were slashed by more than 80 percent, and the one instrument designed to secure supply chains was axed. Similarly, the European Defence Fund, meant to foster joint defence research and development, was almost halved.

We are thus risking an even broader gap between rising expectations for a geopolitically assertive EU on the one hand, and the necessary policies and resources on the other. Some may be expecting the US election to solve our problems. However, the pressure to protect EU citizens from the downsides of globalisation, to pick a side in the great power competition, and take care of its own neighbourhood will remain – no matter the outcome.

### A European power agenda

It is time for the EU to get real about its geopolitical ambitions. The State of the Union speech is a good moment to sketch a power agenda, set priorities and champion new policy initiatives.

First, this agenda should bring together European sovereignty and recovery. Much will depend on how the resources from the Recovery Instrument are spent. While the focus must be bringing the economy back on track, member states should accomplish this by investing as heavily as possible in future-oriented industries. Recent ideas on a joint Franco-German project for hydrogen investments backed by RI money provide an instructive example.

Second, the agenda should marry strategic and economic sovereignty. The Commis-

sion should, for instance, be fully engaged in the member states' efforts to develop a Strategic Compass for the EU's Security and Defence Policy.

Finally, European sovereignty is about interests and values. Ten years after the Arab uprisings, Belarus provides an opportunity to rethink the notion of principled pragmatism in the EU's dealings with neighbours and bolster tools to promote democracy.

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