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Strategic Choices for the 2020s

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These past few years, the European Union (EU) has taken various decisions which, when taken together, amount to a careful repositioning in international politics. Let us be bold and call it the inkling of a Grand Strategy: an idea of the Union's shifting place in the great power relations that determine international politics. Yet that nascent Grand Strategy is not equally shared by all EU Member States or even by all EU institutions, nor has it yet been incorporated into all relevant strands of EU policy. If the implications are not fully thought through and the repositioning stops here, the EU as well as the Member States risk ending up in a permanently ambivalent position: more than a satellite of the US, but not a really independent power either. Such a half-hearted stance would alienate their allies and partners while tempting their adversaries. For now, the EU has done enough to irritate the US but not to obtain the benefits sought: to further the European interest and to play a stabilising role in great power relations. Will 2020 see the EU and the Member States muster the courage to fully implement the choices that they have already started to make?

Many in the EU still feel that no repositioning is necessary, that it suffices to align with the US to defend the European interest. Look, they say, if even under Trump the number of American troops in Europe has increased, then surely that proves that the US will always have the European interest at heart?

In reality, the US has the American interest at heart, and rightly so. Nobody is arguing though that the US is about to abandon Europe. As a global power the US has global interests, including a stable and prosperous Europe. The crucial point is that America's order of priority has changed. During the Cold War, it was always clear that Berlin had priority over Saigon. And indeed, while one is now Ho Chi Minh City, the other did not become Khrushchevstadt. Today, however, nearly the entire US strategic community sees one overriding priority: the rivalry with China, which is mainly playing out in Asia. The Europeans are seen less as allies worthy of protection than as free-riders. Not only do they not spend enough on their own defence; they are even cosying up to America's adversaries. The Trump administration is cajoling Europeans into falling in line behind the US and adopting a harder stance against China, Iran, and Russia.

A next US administration may be more willing to convince the Europeans rather than to coerce them through economic sanctions, and to reform rather than to block key multilateral institutions such as the WTO. It might even adopt a less one-sidedly pro-Saudi strategy in the Middle East. But whoever wins the White House in November of this year: China will be seen as the adversary to be contained or reduced in power; there will be a more transactional approach to multilateralism, including NATO; Europe will continue to be seen in a more instrumental way, as a source of allies to be mobilised against America's adversaries; and the EU's economic and energy interests as such will never be a priority for the US. Nor will they be for China or Russia, obviously.

This is not a plea therefore for the EU to take its distance from the US. Since most EU Member States have an alliance with the US, weakening the Transatlantic link would be rather daft. But Europe's strategic outlook does call for a repositioning in order to ensure that whatever strategy its American ally and the other great powers adopt, the EU and its Member States always have enough freedom of action to defend the European interest.

European Choices and the Great Powers

What has the EU done so far? In March 2019 Brussels announced that it sees China as a strategic partner, an economic competitor and a systemic rival, all at the same time. This is about Grand Strategy, and the players concerned took due notice.

Beijing correctly understood this as heralding a more transactional EU approach. No longer is the EU just saying to China: wouldn't it be nice if you would open your market to us as we open ours to you? The new message is: it would only be fair, and if you don't, we will have to limit your access. Instead, let us achieve ***Positive Reciprocity***, therefore, by increasing openness and transparency on both sides. Washington also took note, because this was a message for the US as well: the EU and the US are and will remain strategic partners (and, for most EU Member States, formal allies), but that does not mean that the other powers are Europe's adversaries, even if the US treats them as such. How the EU deals with other powers will depend on Brussels' assessment of their behaviour towards Europe, not just on Washington.

The advantage of this repositioning is that it enables the EU to better defend its own interests while playing a stabilising role in great power relations. In order to reap these benefits, the EU must now make sure to incorporate its new position into all of its policies and actions.

The approach to China can be summarised as: ***Cooperate When You Can, But Push Back When You Must***. Both parties willing, cooperation is easy. We will know later this year whether that is the case: will the EU and China conclude a Comprehensive Investment Agreement as announced at last year's EU-China Summit? Pushing back is more difficult, not only because there always seems to be a least one EU Member State that blocks consensus, but also because over the years the EU has developed a culture that is quite the opposite of Realpolitik. But pushing back is vital in order to signal to China that any more aggressive use of its power will not work, as well as to uphold the EU stance on human rights. If in practice the EU ends up cooperating with China without pushing back, that will encourage the Chinese assertiveness that EU engagement precisely seeks to avoid.

The EU does not seek an equidistant position between the US and China: the default position is to work with the US to defend the European interest. But if EU and US interests on a specific issue diverge, the EU should be able to work with other powers. Allies must be able to agree to disagree sometimes, rather than use sanctions to force each other into line. Or should the EU have slapped sanctions on the US for violating the Iran nuclear deal? But the EU has yet to find an effective way to shield European companies from American extraterritorial legislation – the INSTEX mechanism created to shield firms doing business with Iran doesn't work. As a result, the EU does not actually possess the complete freedom to deal with other powers and to address crises as it sees fit. This leads to tensions with the US, yet all the while many other powers continue to see Europe as not much more than a US satellite.

Relations with Russia might be the next case in point. The EU has held firm on sanctions, but disagreement is growing about the right mix of deterrence and détente. Germany's Nordstream 2 project, for example, is heavily contested even among Europeans; whatever the merits of the case, with the US this should be the subject of a dialogue, not of sanctions. President Macron's call for a new opening towards Russia has proved even more disruptive. The point of the sanctions is, of course, to induce Russia into changing its behaviour and enable good-neighbourly relations. Even many Russian scholars argue that as China gains ever more influence in Russia's near abroad, Moscow would do wise to normalise relations with the EU. Whether the time is at all ripe for a new initiative now, is another question. This must be a collective EU decision: in view of the security concerns of the Central and Eastern European EU Member States, there can be no space here for unilateral initiatives. *If* Europeans agree on a new approach towards their neighbour, that would again call for an in-depth strategic dialogue with the US – not for US coercion.

Choices and Instruments

Another important EU decision has been the adoption of the *EU-Asia Connectivity Strategy* (September 2018) and the creation of a connectivity partnership with Japan (September 2019). Like all good strategies, the basic idea is simple: if the EU feels that China, through its Belt and Road Initiative (or in some places Russia, through the Eurasian Economic Union), is gaining too much influence in a country where the European interest is at stake, Europe has to put a better offer on the table. Thus the EU seeks to create ***Connectivity by Consent***, convincing states that it is in their interest to create a level and transparent economic playing field and engage with various powers simultaneously rather than putting all their eggs in a Chinese or Russian basket. But to mobilise sufficient public and private means and generate viable investment projects to be convincing enough, will be a huge challenge. The partnership with Japan will certainly help the EU to achieve the scale required. Expectations have been raised, and the EU effort is real – but real strategic impact will not be easy to achieve.

Perhaps the most visible recent EU decision has been the activation of Permanent Structured Cooperation (PESCO) (December 2017). So far, Member States have focused almost exclusively on PESCO as a forum for cooperative capability projects. Designing, building, and procuring equipment together will certainly improve the way Europeans spend their defence budgets. But the current 47 PESCO projects are far from a coherent whole: too many are just ideas rather than real projects with budgets attached, and even the real projects mostly do not address the well-known priority shortfalls in the European militaries. Member States seem to have lost sight of the original purpose of PESCO: to create a coherent full-spectrum force package. More than just joint procurement or even improved interoperability, that will require effective integration of forces. As it is, PESCO and the European Defence Fund (EDF) have gone far enough to strain relations with the US (because of Washington's rather hypocritical anger over the EU's aim to promote European defence industry), but not far enough by far to guarantee the quantum leap that European defence so urgently needs.

The EU has also taken important steps in securing its home base, notably the launch of an investment screening mechanism (April 2019). Understood mostly as a reaction to China, investment screening should apply to all non-EU actors, and has to be seen in the context of overall industrial policy, which is itself being adapted to the changing global balance of power. For now, investment screening remains basically voluntary. For it to become really effective, it will gradually have to become more binding, and can then also be imposed upon all candidates for EU membership.

ABSENT CHOICES

Unfortunately, there also key areas for which the EU has omitted to make strategic choices, notably for its southern periphery. The EU and its Member States have been firmly committed to the Iran nuclear deal, to the defeat of IS, and to the unity of Libya. They never developed a view, however, on how to address the regional geopolitical competition between Iran and Saudi Arabia and the various proxy wars that they are fighting; yet if the US withdrew from the JCPOA, it was because it seeks to counter Iran's regional ambitions. Nor did the Europeans generate a position on the political future of Syria and which groups to support on which territories, so it was unforgivably taken by surprise when the US withdrew its military presence from Kurdish-held northern Syria. And if EU support for the UN-recognized Government of National Accord in Tripoli was clear, there was no concrete plan to help it achieve control of Libya (while France in effect began to support the other main force in the country, General Haftar). Without clear strategic goals a proactive role is impossible. The EU was thus forever reacting to events.

Too many practitioners still believe that strategy is superfluous and, at most, rationalises policy ex post factum. Europe's failure to have any meaningful impact on developments in its southern periphery that directly affected its security prove that without a sense of strategic objectives, one cannot generate sufficient influence to steer events. Blaming the new EU leadership for this situation, and ridiculing it even (by contrasting the reality with Commission President von der Leyen's ambition for a "geopolitical Commission"), is a bit too easy when Brussels and the national capitals ought to have set the strategy years ago. It is now up to the new team though to do better and develop a strategic view. The Berlin conference on Libya (19 January 2020) proves that the EU still has convening power. This diplomatic clout has to be underpinned by the military readiness and the political will to project force if and when necessary. The success of PESCO is directly linked to the success of EU diplomacy.

CONCLUSION: AVOIDING BLOCS

The EU has initiated a real strategic reorientation, positioning itself in the great power game and equipping itself with a connectivity strategy, a military power projection capacity, and an investment screening mechanism. If the EU sees this through to the end, it will carve out the freedom of action that will allow it to always defend its political, economic and security interests while playing a stabilising role in great power relations. The worst that could happen would be for world politics to be frozen again into permanent antagonism between two blocs: Europe and the US versus Russia and China. The nascent EU Grand Strategy can also be understood as the EU giving itself the ***Power to Engage*** the other global actors, on its own terms, to prevent exactly that.

The EU must, however, absolutely avoid the emergence of competing "blocs" within the Union itself, which would render an effective global role impossible. Many Central and Eastern European Member States ultimately trust only the American security guarantee, and view all EU defence initiatives (and all openings towards Russia) with suspicion, while others, with France in the lead, advocate "strategic autonomy" in defence. The current US administration purposely deepens this divide by its constant démarches that put PESCO and the EDF in a negative light in various European capitals. China has been very successful in dividing the EU, with many Eastern and Southern European Member States adopting a more liberal view to China's role in their economies, which Beijing eagerly highlights through prominent bilateral visits. France, Germany, the Benelux and the Scandinavian countries on the contrary have become more careful and are at the origin of the investment screening initiative.

Interestingly, the countries who put the most faith in NATO and the American security guarantee are least in line with the US' more confrontational China policy. They will seek to maintain their freedom of action in this regard, though when push comes to shove national security will likely take priority over the perceived benefits of deeper ties with China. At the same time, those who have become somewhat more sceptical of China constitute the economic centre of gravity of the EU, which if they stick together will act as an effective barrier to how much influence China can hope to gain. That group is insufficiently united on defence policy, however, for PESCO to have already achieved the stage in which it will clearly lead to a quantum leap. Even the Member States that purport to be most in favour have yet to demonstrate their willingness to really go for defence integration this time.

More importantly, objectively the different positions are not that far apart. Nobody is now seeking autonomy in terms of collective territorial defence; the argument is rather that making full use of PESCO and the EDF is the best way for the EU Member States that are NATO allies and partners to significantly increase their contribution to the Alliance. It is indeed remarkable that there is an implicit consensus that the point of PESCO is not just to generate the capabilities that would be required for the type of CSDP operations that we have seen until now (i.e. mostly smaller scale and lower intensity), but to address participating Member States' armed forces in their entirety and help them meet their NATO targets as well. Not so long ago, this would have been politically impossible. Similarly, nobody is seeking to decouple the European economy from China; the argument is only that in specific sectors care should be taken to protect Europe's sovereignty, and that one should not play into China's designs by giving more political visibility to Chinese investment projects than their (actually relatively limited) share in overall investment warrants.

A strategic consensus appears possible, therefore, but only if certain Member States refrain from using their capacity to block foreign policy decisions (which require unanimity) as a tool in their dispute with the EU institutions over democracy and the rule of law. This is a dispute about what the EU is, which is why the EU cannot give in: the whole point of the Union is to protect the way of life that Europeans have founded on democracy, the rule of law, and equality. Meanwhile, it is about time that everybody realises that the EU already is a single economic bloc: one market with, for most Member States, one currency and one external border. If the border of that bloc is breached, anywhere, ipso facto every Member State's national security is breached. In a world of continent-sized great powers, unless the EU acts as an economic, political and security bloc, it will lose.

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