RECOMMENDATIONS

FROM MEMBERS OF THE TEPSA NETWORK TO THE INCOMING

BELGIAN PRESIDENCY

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ABBREVIATIONS

AI	Artificial Intelligence
ASAP	Act in Support of Ammunition Production
CFSP	Common Foreign and Security Policy
EU	European Union
GDP	Gross Domestic Product
NATO	North Atlantic Treaty Organisation
RDC	EU Rapid Deployment Capacity
UN	United Nations

Setting the EU's new strategic directions

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The European Union (EU) is beginning to reflect on its Strategic Agenda for 2024-2029, with preparations for this new guiding document set to intensify during the Belgian presidency of the Council in the first half of 2024. It hardly needs saying that much has changed since the current Strategic Agenda for 2019-2024 was prepared. The new Agenda needs to do more than simply reiterate this truism and more tightly specify changes needed to EU strategies in light of the changing domestic and global contexts.

It is already clear that the key theme for the new Agenda will be that of an EU under strain. This is the cross-cutting challenge that will thread its way through the individual policy commitments that will feature in the Agenda. European Council president Charles Michel argues that the clearest change since the last Agenda was prepared is that EU values and interests are now much more clearly, directly and severely under sustained attack. (Michel letter).

Since the last Strategic Agenda was defined, the context that shapes European integration has become more challenging in many ways. This is due to the invasion of Ukraine, heightened geo-economic pressure from China and other states, the increasingly tangible effects of climate change, spiralling conflicts in Gaza, the Sahel and elsewhere, and the legacy of the COVID-19 pandemic, amongst other challenges.

The new Strategic Agenda will come into force two and a half years into the war against Ukraine. The current situation suggests the war is likely to endure and become the long-lasting backdrop against which the next phase of European integration unfolds, while further uncertainty now derives from the Israel-Palestine conflict. In the first half of 2024, during the Belgian presidency, the EU will need to keep its focus on the daily challenges of the war in Ukraine while also defining how the conflict and other events will reshape its longer-term vision for the European project.

The deepening strains are clear and well known. Each day, multiple articles and speeches convey this sobering picture. The new Strategic Agenda needs to move policy debates decisively into the next phase of debate: from defensive statements towards a concrete way forward. Of course, it will make calls for resolve and unity and for more commitment to EU policies. But the context calls for the Agenda to spell out more specifically what these strains require the EU to do *differently*.

The new Strategic Agenda needs to move away from offering a list of important and very widely defined issues and address this more specific point. Current challenges invite deeper and more qualitative reconsideration of EU approaches to key issues. The EU needs a degree of continuity where it is already making strategic adjustments, but also elements of more radical change in direction. In this collection, TEPSA offers its contribution to the incipient debate and suggests guidelines across key policy areas for what kind of change and adaptation need to be prioritised in the new Strategic Agenda.

While there are pressing challenges specific to individual areas of policy, there are also more generally applicable guiding tenets. There is widespread agreement that the Russian invasion of Ukraine has acted as a catalyst for lots of new policy commitments, but the EU needs to ensure it is acting as the right kind of catalyst and not simply generating new policy activity that takes the EU in unhelpful directions.

The Agenda needs to keep Ukraine at the centre of its attention, but not in a way that crowds out other priorities over the next five years or that leads to these other challenges being seen too heavily through the Ukraine lens. It is often repeated that this is the era in which the EU must be more geopolitical and look after its interests more robustly; more than simply reiterating this, the Agenda needs to move closer to defining what this means in practice. The EU has allowed itself much ambiguity on such questions because of the Ukraine emergency, but in the next five years of the new Agenda it will have to tighten up on such concepts. As Charles Michel asks, 'What kind of geopolitical and economic power do we want to become in the long-term?'

The answer will need to be based on a meaningful synthesis between values and interests. Instead of understanding values as lofty ambitions that are necessarily sacrificed when interests come into play, the EU will need to recognise and explore mutually enhancing links between interests and values. The EU states endlessly that upholding a rules-based international order, where human rights are respected, is in its self-interest as much as a matter of principle; yet there are signs that it increasingly fails to abide by this assertion.

When it comes to sectoral policies, major questions will become more pressing during the term of the next Strategic Agenda. Beyond the standard plea for the EU to continue increasing its focus on energy transition, it will need a different strategy for managing the sharpening political context and pushback around environmental issues. Beyond the current buildup in defence capacities, the EU will need to rethink the whole way it defines security. In trade policy, stronger 'economic security' policies will reshape European economic governance rules and need much more careful calibration with geopolitical priorities than is currently the case. Also the EU's post-2027 Multi-annual Financial Framework will need to be adapted to the new context.

Unlike the Eastern Partnership policy of 2009-22, which was based on ambiguity regarding partners' future relationships, the new Strategic Agenda will need unequivocally to embrace the enlargement of the EU: both as a necessity for ensuring security in Europe and an opportunity for strengthening European sovereignty. The policy focus will need to shift over time towards the question of how to make the accession of new members a success, in a differentiated and staged way, and how to make the enlarged EU work effectively. Absorption capacity is an issue to be addressed in the sense that solutions need to be found, not as an excuse for inaction or a break in the process.

The Strategic Agenda represents a unique opportunity for formulating collective commitments to overcome Member States' individual weaknesses, but it must also offer revamped approaches towards longstanding policy challenges and balance the imperatives of the Russian invasion of Ukraine with longer-term structural issues. This collection of essays offers reflections on these questions, with focus on security, enlargement, economic security and migration.

Strengthening EU security and defence in the era of geopolitical competition

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Russia's invasion of Ukraine in February 2022 was a dramatic turning point for European security, and hence unavoidably also for the EU's security and defence policy. Through its response to the war, the EU has already become a stronger security actor. The Strategic Agenda for 2025-2029 should aim to turn the ad hoc reactive measures into a longer-term strategic shift. The Union will have to adapt to a security environment that will likely be unstable, harsh and competitive in the coming years and decades.

The EU's security and defence policy was launched in the most favourable geopolitical context in the 1990s. The Cold War had ended with the dissolution of the Eastern bloc; the US was a global hegemon with no real competitors, and Russia posed no serious threat. Democracy was spreading, and globalisation was believed to be a win-win game for everyone. In the strategic environment of that time, it was natural that the newly established European Security and Defence Policy focused on the Western Balkans as the remaining violent spot in Europe and oriented to crisis management tasks beyond the continent.

The contrast to the world surrounding the EU today could hardly be starker. Russia has become the most serious threat to European security and is waging war against its neighbour; the continuity of the US commitment to European defence is uncertain; China has become the main strategic competitor to the US and a "systemic rival" also to Europe; and heightened geopolitical tensions are visible in various hotspots across the world. The post-Cold War security order in Europe is broken, and it is not clear what kind of new order will emerge once the war in Ukraine ends or freezes.

In the new, harsh environment, the mantra that Europe needs to do more for its security is finally, gradually but arguably still too slowly, leading to substantial changes in the strategic posture and defence policies of European states, the EU and the North Atlantic Treaty Organisation (NATO).

The biggest and most probable long-term change for the EU (and for many Member States) is that the focus of common defence policy has shifted from external crisis management to European defence. This includes both military support to Ukraine and efforts to step up the EU's contribution to collective defence of Member States, with these two elements moving ahead hand-in-hand. Support to Ukraine has broken the

EU's previous political red lines and stretched the Common Foreign and Security Policy (CFSP) toolbox in an unprecedented manner. The European Peace Facility has become the EU's main mechanism for providing military training and capacity building to Ukraine, and its funding has been increased to EUR 12 billion.[1] The total support of the EU and Member States to Ukraine during the full-scale war has reached EUR 82.6 billion, including more than EUR 25 billion for military assistance.[2]

At the same time, the EU's contribution to **European defence industry and capability development** is taking a leap forward. As an important milestone, in March 2023, the EU launched the first ever joint procurement of ammunition in order to better support Ukraine's needs. Going beyond such short-term measures, discussions have started on a future European Defence Industrial Plan, and the Commission is developing a longer-term approach to joint capability development and procurement. There have been tensions between the urgent need to support Ukraine and fill Member States' stocks, which cannot be met by European production, and the longer-term goal to strengthen European defence industrial capacity.

Indeed, while unprecedented steps have been taken in the field of EU defence, the war has exposed the limits of European capabilities and dependence of European security on the US. Although the EU has endorsed the need to increase defence spending ever since the first European Council Conclusions on defence adopted in 2013, until recently Member States made little progress. In 2023, the NATO target of 2 per cent defence spending was met only by nine EU countries (and the US and UK). As an example of Europe's weakness, the above-mentioned joint procurement of ammunition is to provide one million shells within a year, but the EU is struggling to meet this commitment. The EU's own production capacity was roughly 300,000 shells a year in 2022, to be increased to roughly 650,000 shells in 2023. Meanwhile, Ukraine's consumption is at least 1.8 million shells per year.[3]

- Reaffirm the commitment - and focus on delivery - of increased defence spending and increased production capacities of European defence industry.

The return of major war to Europe has reinforced the role of NATO in providing collective defence and underscored the EU's complementary role. At the same time, the EU's contribution is substantially increasing, as described above. The current strategic environment underscores the need to **further strengthen EU-NATO cooperation**. Further work on military mobility, which has been a success story of cooperation, will be required. Given the renewed importance of capability development, this should be one of the areas for closer cooperation and complementarity.

Further strengthening of EU defence in the direction taken after February 2022 has to be based on the assessment that **Russia is likely to pose a long-term threat**. Deterrence and defence against that threat is something the Union has never really done before – pre-2022 discussions on European strategic autonomy largely ignored

[1] European Peace Facility - Consilium (europa.eu).
[2] Factsheet: EU solidarity with Ukraine (europa.eu).
[3] Sustain and prosper: How Europeans can support Ukraine | ECFR.

the issue of defence against Russia, leaving it to NATO (which meant that the notion of strategic autonomy failed to convince those Member States for whom Russia was always the primary security concern).

- The war in Ukraine has made clear that in order for the EU to be a serious security actor, it has to contribute to deterring the Russian threat, which is existential for some of its Member States and partners.

This is all the more important considering the uncertainty regarding future commitment of the US in Europe.

That said, Russia is obviously not the only security concern of the EU. The new focus on collective defence, which follows decades of underperformance, has for now pushed aside the task of external crisis management. Yet the Strategic Compass adopted in March 2022, one month after the start of the full-scale invasion, still emphasises the importance of crisis management. One of the key initiatives made in that document is an **EU Rapid Deployment Capacity (RDC)**, which would be able to deploy up to 5,000 troops for different types of crises. While primarily focused on evacuation and protection of EU citizens in crisis situations, the RDC can potentially make a contribution to both crisis management and defence and deterrence.[4] The challenges that heightened geopolitical competition poses to crisis management have been experienced, for example, in the Sahel, where Russian paramilitary groups such as Wagner have led to Europe losing influence to Russia. The new Strategic Agenda should provide guidance for both the new task (for the EU, not for Member States) to address the Russian threat and the continued relevance but changing nature of external crisis management.

- Strengthen the EU crisis management capacity by also enhancing the ability of EU units to operate in more hostile environments characterised by geopolitical competition.

[4] EU defence after Versailles: An agenda for the future (europa.eu).

Ukraine will decide the future of the European project

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The locomotive of history is set in motion. Russia's aggression against Ukraine and the underlying Russia crisis irreversibly changes the course of European history. Such historical shifts occur perhaps once a quarter century. The European project as we know it today is very much a result of war and large geopolitical changes. The European Communities were a result of the Second World War, the European Union of the fall of the Berlin wall and the break-up of Soviet Union.

The outcome of Russia's aggression against Ukraine and how we in Europe and the wider West will manage the underlying Russia crisis will define not only the future of Russia, Ukraine and the rest of Eastern Europe for generations to come but will also shape the future of the wider European project and the European Union.

This Russia crisis certainly coexists with other challenges for Europe: continued tensions in the Balkans, the Middle East conflict, uncertainties about the future of US engagement, relationship to China etc. But no other problem is as close to home as the war Russia is waging in the middle of Europe, the largest and most brutal use of force in Europe since 1945, backed up by threats of use of nuclear weapons.

The post-war European project is very much built on the concept of *nie wieder*, never again! Never again military aggression, never again fascism, never again genocide. Now Europe is faced with a Russia that is waging a war of aggression, which arguably violates the convention on genocide. A Russia with a political regime and world view, rather neo-totalitarian than increasingly authoritarian, that has strong elements of fascism. The link between internal repression and external aggression has become obvious.

Therefore, how Europe reacts to this situation will define who we are as Europeans and the nature of the European idea. This is both a litmus test and a stress test. Putin crossed the Rubicon on February 24th last year. There is no returning back to a *status quo ante*, no business as usual, possible. This is reflected in the political speeches, Sunday sermons and all the talk about Zeitenwende by European politicians, but subconsciously in the European political psyche, of politicians and voters alike, there seems to be nostalgic longing back to the world of yesterday.

This is a dangerous nostalgia which stops European politics from getting ahead and dealing with the tasks of building a European future, which is no longer an administrative but a political task.

European politics seem to be nostalgic and tired because of the perception that we have been in a constant crisis management mode since at least 2008 (banking crisis, with ensuing financial and euro crises, migration crisis, COVID-19 and Russia's war against Ukraine since 2014).

The EU and the wider western community have responded in a surprisingly comprehensive and robust manner since February 2022; supplying weapons to Ukraine, sanctioning Russia, cutting energy and other economic ties, giving candidate status to Ukraine and Moldova. The European Peace Facility has been filled with a real purpose, also with the ensuing Act in Support of Ammunition Production (ASAP) initiative. Macro-financial assistance to Ukraine has been mustered and steps towards reconstruction of Ukraine taken.

But all these actions have been reactive and ad hoc, without **a clearly defined long-term vision of the future of Ukraine and Europe**. So far, the mantra of countries like the US and Germany has been that Ukraine must not lose the war and Russia must not win the war, but no clear vision of the final goal of Ukraine has been articulated. Such vision needs to be at the core of the EU's Strategic Agenda for 2024-29.

It is difficult to see how Ukraine, and thus European, security and stability could be achieved without Ukraine becoming a member of the European Union and given credible security guarantees. The reconstruction of Ukraine and EU-integration are necessary mutually reinforcing preconditions. EU-integration of a non-rebuilt Ukraine makes no sense, and without knowing what we are reconstructing Ukraine into, reconstruction will be a futile exercise.

- A clearly articulated goal of a secure Ukraine integrated into the EU is needed in order to provide a strategic sense of direction and as guidance for policies; for the Ukrainians fighting for their freedom, for Europe, and as a signal to Russia that their aggression will not succeed.

But for Ukraine to be reconstructed and integrated into the EU, there needs to be a Ukraine left to be integrated and reconstructed.

- Ukraine must therefore be given the means to defend its territorial integrity and sovereignty, in short to "win the war" and to safeguard its security in the longer perspective, to "win the peace".

For the latter, ultimately only a NATO-membership can provide the necessary security guarantees.

The outcome of Russia's aggression against Ukraine on the European security order will to high degree be decided by western support to Ukraine. The West has a stake in this, because its ultimately about our security and stability and agency in making sure that it happens. The necessary support - political, economic, humanitarian and military - that is needed to achieve these goals should not be framed as a burden, a cost or solely an altruistic gesture of solidarity with Ukraine, it should be understood as **an investment in the stability and security of the whole of Europe**, in our welfare and security.

The alternative - that Russia is allowed to harvest fruits of its aggression, that the Kremlin somehow can draw the conclusion that large-scale military aggression, underpinned by threats of use of nuclear weapons, is a successful tool for achieving antagonistic political goals - would have detrimental effects on European security. It would constitute a "moral hazard" of security policy and entice further Russian escalation. Trying to freeze the conflict or forcing Ukraine to enter a deal of whatever kind with Russia that would leave Ukraine with less than its territorial and integrity and sovereignty would reward Russian aggression and be part of the problem and not a solution.

The opportunity costs of not making the necessary investments in Ukraine's and Europe's security will inevitably be higher further down the road, in terms of both security and economy. A clear lesson learned from the last 30 years in Eastern Europe is that so called frozen conflicts and grey zones, call it "constructive ambiguity" has contributed to Russia's full-scale invasion of Ukraine. It is a grey-zone ambiguity that has been destructive.

The question is thus whether Europe and the broader West are to be in charge of its own future, in the driver's seat, a subject and not object of history. A shift for a more proactive mode setting out clear goals for Ukraine and setting out the course to reach that strategic vision in now needed. Time is of the essence. Putin plays for time, waiting for western unity to fragment and to drag on the war to wear down western military and financial support to Ukraine. The development on the battlefield is turning into a tug-of-war between Russian and western military production capabilities (and western willingness to provide crucial weapons systems to Ukraine). In the long run, western military-industrial capabilities will outdo Russian, but from Moscow's perspective it may be enough to continue the war for another 12 to 24 months, The Russian economy is now turning into a war economy and the current level of warfare can be sustained in the short- to mid-term.

Thus, the West in general and the EU in particular, given the uncertainties of future US support, will have to get to work paving way for a meaningful and successful EU-integration of Ukraine, with all the consequences that will have for EU institutions, decision making and budget. Ukraine will have to get prepared for EU membership, but **the EU also must prepare for Ukrainian membership**. A future EU with Ukraine and other Eastern European and Western Balkan countries as member, will be a different EU than today. Just as today's EU is a different one from when Sweden, Finland and Austria joined in 1995.

There is only one road, and that's forward. The voters of the EU Member States need to realize this and that requires a political vision and leadership of a different level than displayed so far.

- A sustainable and serious plan for the reconstruction of Ukraine, a Marshall plan 2.0, still needs to be put forward and the necessary resources mobilized.

The calculated costs for the necessary support for Ukraine its reconstruction and another wave of EU-enlargement may seem staggeringly high, but they are not. Put in proportion, these are more manageable figures. Estimates for Ukraine's reconstruction are between EUR 250 and 750 billion , and the costs of EU enlargement over the next financial perspective anything between EUR 250 and 400 billion . Both these figures constitute less than 0.5% of EU Gross Domestic Product (GDP) over the next financial perspective. The macro-financial support for Ukraine is low compared to what the EU has spent on COVID-19 or energy subsidies.

The political and economic gains from a free and European Ukraine and Moldova (and Western Balkans) integrated in the European Union would be enormous. This should be understood as an opportunity, a historical chance to write the second chapter of the European revolution that started in 1989/91 - towards a Europe whole, free and at peace. This is the kind of vision and hope that the European project needs.

The map should be adapted the reality. A Strategic Agenda is a kind of a map and should not be confused with the reality. Nevertheless, the next Strategic Agenda is an opportunity to seize this historic opportunity and recharge Europe with hope and a vision. Either the EU succeeds in stabilizing Europe eastwards, or it will be destabilized from the East. There is no stabile equilibrium possible with the current affairs. European affairs and the future of the European project cannot be about administration, (geo-)politics are back. The next Strategic Agenda should therefore reflect these more existential questions on what Europe could and should be, given the Russian challenge: consolidating the economic and social base; tackling the energy challenge; strengthening our security and defence capabilities; and deepening our engagement with the rest of the world. It's no longer about operating inside the box, as the box is changing.

The theme of EU enlargement will remain among the top priorities of the European Union in the coming months and years. In reflection of its importance to the future of Europe, TEPSA is coordinating a new edition of the European Council Experts' Debrief focusing specifically on the 'how' of enlargement. Leading experts from across TEPSA's pan-European network will reflect on this crucial topic.

The next edition of the European Council Experts' Debrief will be available here soon.

Four ‘C’s to move European economic security forward

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“Securocrats think differently about economic security than trade nerds,” a European policy-maker remarked recently. Yet these two tribes will need to be brought together to develop a coherent and coordinated European economic security policy. And more. Economic security aims to “prevent economic shocks that could destabilise society and limit the growing use of economic interdependence as a tool of coercion.”[5] Economic security is a response to a changing international context. A new context that is leading to greater tensions in the economic domain. The nature of globalisation is changing. The period of ‘hyperglobalisation’ that coincided with America’s unipolar moment and produced a high degree of economic interdependence with global value chains permeating European economies, has come to an end. Now that the international system is transitioning to a different power structure - call it multipolar, bipolar or perhaps even non-polar - so too the nature of globalisation is shifting. Still deeply intertwined, this transition comes with a growing risk of economic coercion and disruption.

The COVID-19 pandemic and Russia’s war against Ukraine have demonstrated that European economies are exposed to economic dependencies that if disturbed can have serious societal ramifications. So too has US-Chinese technology competition and Europe’s overreliance on Russian natural gas demonstrated that dependencies can be exploited for, or be vulnerable to, geopolitical ambitions. Weaponized interdependence leads to a necessity for de-risking. The EU’s economic security strategy seeks to increase European economic resilience, reduce unwanted economic dependencies, promote diversification and increase European industrial strength. It is based on three pillars: protect, promote and partner.

- **‘Protect’** includes defensive trade instruments to preserve the level playing field and dissuade economic coercion against an EU Member State by third parties.

[5] Farrell and Newman, “The New Economic Security State: How de-risking will remake geopolitics”, Foreign Affairs, November/December 2023.

- **‘Promote’** includes a set of policies to stimulate the diversification of supply chains, increase innovation and research, and offer support, including subsidies and investment, to key sectors.

- **‘Partner’** includes multilateral and bilateral initiatives to increase market access opportunities through trade agreements, establish secure supply chains and promote rules-based trade.

These three pillars give structure to the EU’s economic security strategy. But four questions should be addressed when moving from policy to implementation.

Does the EU have the right capabilities?

The EU has developed a number of offensive and defensive trade instruments. The International Procurement Instrument and the Foreign Subsidies Instrument are designed to level the playing field. Foreign direct investment screening aims to protect European critical infrastructure from unwanted foreign investments. The economic security strategy also mentions that the EU is considering the development of an outbound investment screening mechanism, and the EU has recently adopted the Anti-coercion instrument. Regarding the latter, this is meant to be a deterrent to stop countries from using their economic muscle against the EU for political purposes. When asked, policymakers and European politicians repeatedly state that they aim not to use the anti-coercion instrument in practice. But this opens the question whether the EU has sufficient instruments to respond to smaller-scale instances of economic coercion? If the anti-coercion instrument is described as the ‘nuclear option’, then what is Europe’s response when there is economic coercion which does not meet the ‘nuclear’ threshold? The example of Lithuania and China comes to mind.

One way for Europe to respond would be to **ensure that it has specific leverage of its own against individual third countries**, which would allow it to respond in a targeted manner instead of with a broad tariff retaliation. But how can that leverage be identified, and more importantly, under what circumstances – and based on which policies – would the EU be able to use that leverage? Besides, without technological leadership in a particular sector, leverage is hard to imagine. This should also be part of the EU’s ‘promote’ considerations.

Does the EU have the capacity to deliver economic security?

The strategy rightly calls for precision in the application of the EU’s economic security tools. This underlines the need for the right skills and capacities inside EU and Member State bureaucracies to better understand value chains, their vulnerabilities, potential points of leverage, technological innovation, financial flows and to track the final destination of European-origin investments. This is not just a matter of hiring more staff to fill ‘economic security’ departments. It is also about getting the right skills. As Newman and Farrell write, “that means hiring fewer economists and political scientists and more people who understand logistics, cybernetics, and material sciences.”[6] It also means that economic intelligence will come at a premium. But this

[6] idem.

is something that the EU and its Member States have generally neglected in building up, save for a few obvious exceptions like France. The implementation of the economic security strategy will demand **a greater increase in economic intelligence capabilities.**

Can the EU coordinate an economic security policy among 27?

The EU has recently agreed that economic security risk assessments will be performed in four sectors – Biotech, Artificial Intelligence (AI), Quantum and Semiconductors. This is a first step towards a European security-driven industrial policy in particular critical technologies. But when it comes to implementing an EU-wide policy, one of the main challenges is that technological expertise and associated industries are not evenly spread across the EU. This means that a few Member States will have a strong interest to play a role in promoting or protecting certain critical technologies, when others do not. Some countries jealously guard their national competence in export controls, even if EU-wide coordination may be both desirable and feasible. National assessments of economic vulnerabilities do not necessarily correlate with EU-wide ones. And individual Member States may take actions to promote or protect certain industries in the name of 'economic security' without due regard for a European process. **Coordinating a European approach will be essential to avoid fragmentation.** This leads to a final question.

Who has the competence on economic security?

Economic security takes shape within the triangle formed by trade and investment policy, developments in the realm of emerging technologies, and national security. The EU has competence on common trade policy, some role on emerging technologies, but traditionally it has a very limited role when it comes to national security. Who is in the driving seat for economic security? At the EU level it is not clear which Commissioner is responsible. Similarly, in national bureaucracies it is often unclear which ministry is in charge. And it is not clear either what the division of labour should be between the EU- and national levels. Is the Commission in charge of European economic security, or only when the Member States enable it? Can individual Member States – for instance those that host specific companies that have been designated as critical – take policy measure in the name of European economic security, or can that only happen after a Council decision? And how to involve the private sector? Ultimately, **companies will need to adapt, change, diversify, thrive and become resilient to realise the objective of European economic security**. Without getting companies on board, the EU's economic security strategy has zero chance of success. For this a structured public-private dialogue between governments and companies is necessary. The Belgian presidency has its work cut out for it. The EU is right to define economic security as key to its interests but it needs to address these challenges as a priority for the medium term within its new Strategic Agenda.

The EU's migration policy cannot go back to square one

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Over 220,000 migrants have arrived by sea in Europe in 2023; several EU leaders have made emergency trips to countries of origin and transit, looking to seal deals with governments to keep migration in check; there are plans to outsource the handling of asylum applications outside of the EU; the European Commission has drawn a ten-point strategy for Lampedusa; EU countries continue to bicker about quotas; as governments pass even more restrictive asylum and migration laws, lone wolf terrorist attacks are back and prompting renewed calls to expel asylum seekers who may be considered a threat to national security. One pandemic, two wars, a Brexit and an almost-done new European Migration Pact—one may be forgiven for thinking that it is 2015-2016 all over again.

At the time, around two million people arrived irregularly by sea to Europe, in what is still the EU's biggest migration and refugee crisis to date—mostly because of the internal political turmoil that followed. Unable to agree on how to deal with such a surge in arrivals, EU capitals engaged in finger-pointing, ugly spats about who should shoulder the burden and a near-collapse of the Union's borderless area of Schengen. The EU's refugee crisis resulted in a deep divide between Central and Eastern European countries, who felt patronised by their northern and western partners, and those countries on the frontlines who bore the brunt of the crisis. The refugee crisis coincided in time with a shaky moment in the EU's internal security strategy. Several terrorist attacks took place on European soil between 2015 and 2018, mostly in Belgium, France and Germany. Both things combined intensified a growing sense of lack of control and insecurity in Europe, which proved to be fertile ground for populist movements everywhere.

As EU countries managed to control the flows, tighten the bloc's internal security and re-install Schengen, one thing was clear for both EU and national leaders: whatever came next, the Union could not afford to have the world think that it did not control its borders. In fact, what came next actually cared little about the Union's borders and whatever plans EU capitals had to control them: the COVID-19 virus did not have to show a passport or apply for asylum to cross borders unhindered. The pandemic had two somehow contradictory effects on the EU's migration policy: on the one hand, because movement was restricted world-wide, arrivals at the EU all but stopped, too (although not completely; while arrivals in 2020 were the lowest of the past eight years, they still accounted for almost 100,000 people and some 2,300 deaths and disappearances); on the other, the EU's initial confusion about its own internal borders pushed the borderless Schengen area to the limit, with random and constant national border closures that were mostly not consulted neither with neighbours nor with the European Commission, as the law requires.

Once again, as the EU seemed to have learned how to grapple with the situation, this time by means of an EU vaccination passport, that allowed EU citizens and third country national legal residents to cross borders at will, another shock was in store. Putin's full-scale invasion of Ukraine in February 2022 triggered a massive wave of Ukrainian refugees to Europe – but this time, the EU was ready. Not even a week after the attack, the Council of Ministers agreed to grant Ukrainians a special form of protection via a never-before-used law called the Temporary Protection Mechanism. Under the mechanism, newly displaced Ukrainians would not have to apply for asylum and they would be able to work, attend school and obtain sustainable accommodation. The EU's temporary protection scheme is, by definition, limited in time, but Member States agreed in September to extend it one more year, until March 2025.

In the meantime, the EU has been working on revamping its migration and asylum rules. In 2020, the Commission came up with an ambitious proposal for a **New Migration Pact** that seemingly had something for everyone: it tried to stream-line asylum procedures to make sure that those with the highest chances of getting their application approved would move faster through the system than others; it suggested various ways to reinforce external border controls; and it called for solidarity with frontline Member States by allowing migrant-sceptic governments to opt out of relocation if they offered something in return – including helping with resettlement outside of the EU and returning migrants to their countries of origin and transit.

The Pact has gone through many iterations since and, if officials are to be believed, is on the cusp of being agreed, although with significant shortcomings that would make the Pact vulnerable to further external shocks, like the one likely to stem from the Israel/Hamas conflict. Politically, it is important for EU leaders to have the Pact in place before the European elections in June, so migration, a toxic political matter, does not hijack the campaign. Realistically, migration has already become a problem for politicians in many Member States and is unlikely to stop being so, particularly as the world becomes more unstable more quickly. In essence, Europe's current migration policy can be summarised around three elements: the first is border controls; the second is what EU officials call the external dimension of migration (agreements with third countries and conditionality on development aid); and the third is returns. All of them make sense from a political point of view, as they stem from the lessons learned in the 2015/2016 crisis and are the result of hard-won political consensus. But none of them will advance **a real common European migration policy**. Perhaps most importantly, there is nothing new in the EU's approach to migration, at a time when the world is changing so rapidly that the only way to manage crucial policy challenges like migration is to try and be (moderately) adventurous. There are two important missing elements in the EU's current migration policy. These include legal migration and a global approach to migration. Both will shape the world in the decades to come.

Because legal migration continues to be neglected at the EU level, migration-sceptic governments like Italy's or Poland's outgoing government have been handing out working visas to non-European citizens under the radar. It pays off politically for these kind of governments to peddle the narrative that zero migration is not only desirable but feasible. But the economic and social realities of a shrinking workforce and an ageing continent are hard to escape. The EU needs to come up with **effective, realistic ways to boost legal migration in Europe**, not to sustain the fallacy that more legal migration would mean less irregular migrants (it won't; there is no direct correlation), but because it is the only way for Europe to prepare for a world that will look nothing like the one regulators in Brussels have known until now.

- The Blue Card needs to be revamped. A new EU-wide talent pool will only work if there are proper legal migration systems in place in all Member States.

Legal migration pathways also have to take into account the new realities of work: one official estimates that 25 per cent of qualified jobs can now be done from anywhere. And AI will also change the rules of the game. How can the EU make it more attractive for digital nomad workers and AI entrepreneurs to settle on the continent? For example, under current rules, a non-EU citizen finds it difficult or even impossible to work remotely from an EU country other than their legal place of work. What is then the added value of the EU in those cases?

On the other side of the spectrum, more traditional jobs, like lorry driving; health care workers and waiters are also changing – there is now more demand than supply. The EU could be wiser:

- Agree on a requirement for all EU countries to allow asylum seekers to work in sectors where there are shortages while they await a decision on their application, and provided they have passed all security checks.

This may be a sensitive issue. But would reduce absconding rates and help with labour shortages.

The EU will also have to learn how to cooperate with other countries to address new root causes of migration, like climate change and an increasingly fractured global stage. The strategic priorities set up both by the European Council in Granada and by European Council President Charles Michel in his June letter to European Heads of State and Government ask a seemingly impossible task of the Union: to uphold international rules in a world where rules seem to have become an afterthought. This task will be even trickier on migration: how to continue being among the world's most attractive and generous refugee hosts and migrant destinations, while fending off attacks both from the populists inside and from unfriendly third countries, eager to use migration to destabilise the continent. To avoid falling into that trap, EU leaders and the EU institutions should keep a cool head and look for pragmatic, humanitarian solutions to the problems ahead.

In the likely event of a refugee surge stemming from the Israel/Hamas conflict, the EU should make sure to work with neighbouring Arab countries, including Egypt. The Pact could help with that, as it sets ways for the EU to use its foreign policy and trade leverage in order to manage sudden international crises. On climate refugees, the best thing the EU could do has less to do with migration policies and more to do with climate prevention and mitigation measures. But there, too, the EU should not be naïve: there are three times more refugees in the world now than there were 20 years ago, according to the United Nations (UN). Likewise, the number of asylum seekers has increased sixfold over the past two decades. And the numbers will keep on climbing. Migration and asylum policies will need to be part of every single plan coming out of Europe within the next decades, whether it is about trade, innovation and research, foreign policy or climate laws.

The EU would have to move beyond border controls and returns if it is to craft a migration policy fit not only for crises but also for a strong economic performance. At the end of the day, a true geopolitical power can only be one if it has the financial strength to put its money where its mouth is.

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