

European issues
n°634
31st May 2022

Europe in a perfect storm

JEAN-DOMINIQUE GIULIANI
PASCALE JOANNIN

The European Union continues to encounter greater and more violent [1] crises as well as strategic surprises. The Russian war in Ukraine is the latest one in a series. However, it would seem that there are no more crises, only the acceleration of unforeseen events and profound changes. After the subprime crisis, Greek finances, Syrian refugees, the Covid pandemic, the spectre of war is back on the continent.

All of these challenges are putting a strain on most EU policies and yet they confirm the relevance of the European project.

In the face of these events, the European Union has made more progress in a few months than in thirty years.

But it is paying for its delays and hesitations. It must revise many of its policies and resolutely project itself into a new and more brutal global world.

THE EUROPEAN UNION HAS ALREADY COME A LONG WAY

In the health crisis, although the first response of states was a national one - closure of borders, competition for anti-virus tools - it quickly gave way to a common front in the acquisition and distribution of vaccines, of which the European Union quickly became the world's largest producer and donor. Poor Member States turned to European cooperation. It worked.

The subsequent recovery plan broke down many previously insurmountable taboos. *NextGenerationEU*, partly financed by joint borrowing, has paved the way for direct grants for the states most affected by the pandemic. This has never been done before. It has given concrete expression to a European solidarity that was thought to be regressing in all

areas.

Finally, the Russian war in Ukraine has been the occasion for a rapid and massive response in the adoption of severe sanctions against many Russian protagonists, sometimes to the detriment of Europe's immediate economic interests.

The European Union has been much more reactive than it had been to date. Faced with the emergency, the "European reflex", which was not present when dealing with the migratory wave of 2015, has been expressed in the strongest manner. The common institutions have understood that the time factor is a condition for demonstrating their effectiveness.

The rapid adoption of new, internationally focused rules came as a surprise. First by allowing the control of foreign investments, then by accepting joint loans and a pivotal role for the European Commission as a buyer of vaccines, then of gas. With the *Digital Market Act* and the forthcoming texts that will regulate digital activities across all 27 Member States have shown that the time has come for European regulations that are applicable to all players in the sector, regardless of their nationality. In terms of defence and diplomacy, Europeans have successfully adopted a "*strategic compass*", the first step towards a genuine global strategy. The acceleration - that is unfortunately still too slow - of the consideration, at European level, of the need for European rearmament is the most recent development towards greater reactivity and effectiveness of European cooperation and institutions.

In this respect, we might also positively note a turning point in European joint action, 'rejuvenated' by its recovery plan, but also in new fields of competence that were previously paused or unexplored, for example, support for disruptive technologies, space policy, quantum computing or the

[1] This text is part of the "Schuman Report on Europe, State of the Union 2022", which has just been published, Éditions Marie B, May 2022.

production of electronic components (*Chip Act*).

Some may consider these developments to be insufficient, but no one can deny that they represent major breaks with the European Union's previous practices and with its own rules, many of which have been on standby. There are also individual or bilateral initiatives by States that are clearly part of a European analysis, such as the "Airbus battery", the European Cloud or the more or less concerted "hydrogen" plans, with the role of the Franco-German couple sometimes proving decisive.

The fact remains that the European Union is paying for its tardiness, hesitation and divisions. This is particularly obvious in the field of energy and defence.

The repeated refusal of all member states to build a common energy policy has caused damage that is now becoming apparent. The dependence on its suppliers, too long considered an asset for cooperation and the advancement of the rule of law in the East or the South, is now a considerable obstacle to its diplomatic room for manoeuvre.

In terms of defence, the fact that the progressive construction of strategic autonomy, i.e. freedom of action, has been viewed as an attack on NATO, has hampered efforts to halt European disarmament and to build together a genuine European pillar of the Alliance. The Europeans have found themselves tailing their allies on the other side of the Atlantic, who are disinclined to get involved in Europe in a power struggle with Russia, since they are more preoccupied with their rivalry with China. The war in Ukraine has witnessed the United States and the United Kingdom at the forefront of the response to the war of aggression, both in terms of intelligence and analysis and in terms of tangible support for the Ukraine under attack.

This situation demonstrates the complementarity between NATO and the European Union. The latter has the financial means to assist Ukraine which is now being aggressed, while the former is efficient at military level. The arms deliveries financed by the European Union demonstrate both the limits of its action and the development of its rules. Unprecedented, they are transgressing the common rules allowing the member states to act individually. France, which currently holds the six-month presidency of the Council of the European Union, is maintaining the only Western channel of communication with the Russian dictator, the others, with Poland and the

countries of Central and Eastern Europe, guaranteeing that the European Union will not agree to let down a neighbour that is calling for help.

THE REVISION, DEVELOPMENT OR LAUNCH OF COMMON EUROPEAN POLICIES WILL THEREFORE BE THE ESSENTIAL WORK OF THE UNION IN THE NEAR FUTURE.

Clearly, the European Green Deal would not withstand a prolonged war, or even a conflict involving more member states. The risk of this is significant. In such circumstances, where urgency takes precedence over long-term policies, there is a fear of repeated 'forced' exceptions to provisions already contested by some Member States. The European Union must adapt its policies before it is obliged to adopt an economy of war.

The "taxonomy" that some Commissioners and the European Parliament are so fond of sought to exclude nuclear energy but finally agreed to include gas as a "transitional" energy. This flawed compromise should never have concerned nuclear energy, which contributes to Europe's energy independence, nor should it have included gas, which everyone now wants to get rid of or for which they are urgently considering changing suppliers. The defence industries, which are also being sidelined, should be expressly excluded from the same initiatives.

In agriculture, the fate of pesticides, without an impact assessment, is likely to lead to a reduction in cereal production and to increased shortages and prices of basic foodstuffs at a time when Russia and Ukraine, the two main suppliers to developing countries, are drastically reducing their exports. The European Union has a choice: either to continue with its policy developed under pressure from the excessive lobby of militant NGOs and contribute to famines and revolutions, particularly on the southern shores of the Mediterranean Sea, or else, as the Ministers of Agriculture have already indicated, to cultivate certain areas again, to urgently increase the production of essential products so as to avoid the social and political consequences of these shortages. In this way, it would strengthen its geopolitical role in relation to states in need.

It goes without saying that effective European solidarity between its members must also take into account the dimension of energy. Dependent states must be able to rely on their partners to pool some of their supplies or to benefit from

a collective negotiating force with new suppliers. Perhaps this will be an opportunity to lay the foundations for a more realistic common policy in this key area of European sovereignty?

The same applies to defence. At present, the European Union is financing the distribution of arms to Ukraine, which it is unable to do internally. Accelerating and strengthening the financing of the defence industry in Europe is a priority that is required both by the objective of strategic autonomy and by NATO's governing bodies. The common sanctions policy has been impressive in its scope. It will not suffice right now or in the future. After the strategic compass adopted in the spring, the next step will be a vast plan for the financing of defence investments. It would be better if it were coordinated, since the German Chancellor's announcements in this area seem to be quite solitary.

GERMANY WILL BE THE CENTRE OF FUTURE EUROPEAN ISSUES.

With no defence autonomy, no effective armed force, unilateral energy choices with little solidarity with its partners, dependence on Russian supplies, suffering from the closure of Chinese markets that could result from the pandemic and the political priorities of the Chinese Communist Party, and having to manage the conversion of its important automobile sector, the German economy will soon face formidable challenges.

Will it move towards closer European integration as it claims, or will it continue with national policies that will inevitably have negative impacts on its partners by making them shoulder the burden of some of its past mistakes? The answers are vital for this country and for the whole of the European Union.

The best answer would be to resolutely pursue the completion of the internal market, banking union and the capital markets union. Germany and the whole of the Union can find a partial solution in these projects to the emergencies of the moment and lasting solutions to an economy that is structurally dependent on third countries.

The solutions are European. Responses on the part of governments and citizens are becoming more and more European. The Member States could draw on this strength for new initiatives, helping to erase the hesitations, slowness and even the errors of the past, so as to turn resolutely towards the future.

The "perfect storm", i.e. a violent one, that the European Union is going through is an opportunity to revise some of its certainties, to adapt its policies and to win over the hearts of the European citizens a little more through efficiency and reactivity.

This Schuman Report on the state of the Union is largely based on contributions written before the outbreak of the Russian war in Ukraine. However, it remains highly topical due to the long-term problems it analyses and the proposals it contains.

Jean-Dominique GIULIANI

President of the Fondation Robert Schuman

Pascale JOANNIN

General manager of the Fondation Robert Schuman

You can read all of our publications on our site :
www.robert-schuman.eu

Publishing Director : Pascale JOANNIN

THE FONDATION ROBERT SCHUMAN, created in 1991 and acknowledged by State decree in 1992, is the main French research centre on Europe. It develops research on the European Union and its policies and promotes the content of these in France, Europe and abroad. It encourages, enriches and stimulates European debate thanks to its research, publications and the organisation of conferences. The Foundation is presided over by Mr. Jean-Dominique Giuliani.