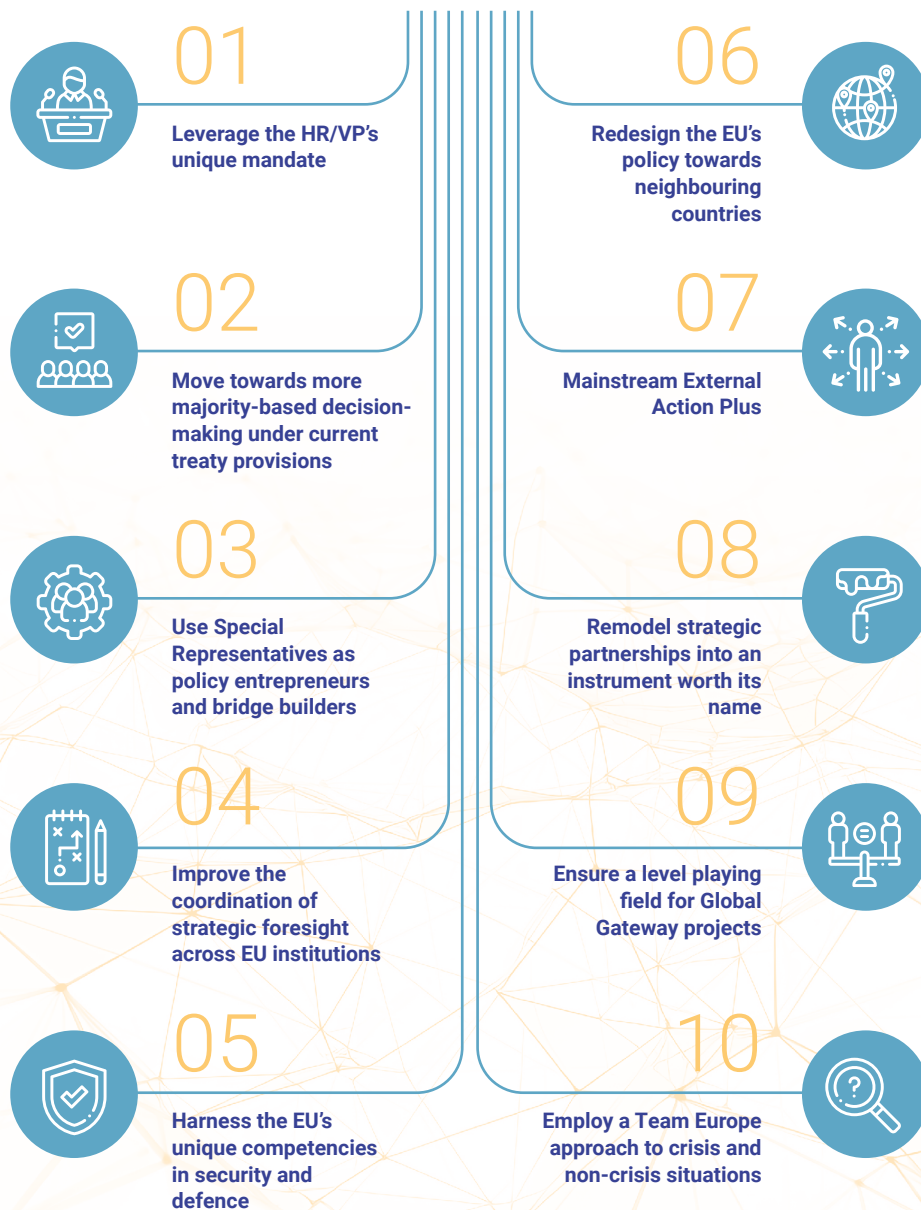


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RECOMMENDATIONS TO MAKE THE EUROPEAN UNION A STRONGER GLOBAL ACTOR

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A STRATEGIC UNION FIT FOR GEOPOLITICAL PURPOSES

Following the European Parliament elections in June, a new EU leadership will take the helm to navigate the Union through an array of significant challenges. **The EU faces an unprecedented combination of external threats:** Russia's full-scale invasion of Ukraine and the growing influences of Russia and China in the EU's neighbourhood; the repercussions of the Israel-Gaza war; the Union's economic, energy, and military dependencies and exposure to climate change; the rise of right-wing authoritarianism across many countries in Europe and its neighbourhood; and the uncertainty of the United States' commitment to European security. This **critical geopolitical juncture**, at which the very existence of the European integration project is at risk, requires a robust EU foreign and security policy.

The task of the incoming leadership is to **make the Union fit for geopolitical purposes**. All too often, the EU's global action has been ineffective. It has suffered from a crippling lack of strategic foresight, a dearth of instruments to address acute threats, piecemeal responses because of the lack of a common vision, and overstretch of the Union's resources across too many regions and domains.

To address these shortcomings, the EU needs to **become far more strategically selective** in how it pursues its interests and goals, as defined by the EU Global Strategy of 2016 and the Strategic Compass of 2022. Given its finite resources and limited clout in certain parts of the world, the Union needs to consciously decide in which regions and crises it engages and how it can do so most effectively. This includes **critically reviewing, improving, and deliberately phasing out some existing mechanisms and instruments**. To this end, the EU needs to leverage its heft in trade and investment policy, financial power, diplomatic presence, and rule-making capacities while steadily building security and defence capabilities. It also needs to harness its institutional structure to make the most of its comparative advantages vis-à-vis other international organisations and states.

The following ten recommendations would help the EU become a stronger global actor capable of effectively addressing current and future geopolitical challenges. The first four concern the institutional framework of EU foreign and security policy, while the next six tackle individual policy areas. Taken together, they represent a comprehensive plan for improving the way the EU operates on the international stage.

01 Leverage the HR/VP's unique mandate

EU foreign policy is often hampered by turf wars between a range of stakeholders. Geopolitical challenges, however, make it essential to **prioritise external effectiveness over internal quarrels**. In particular, the Union's inaction and then ill-coordinated response to the outbreak of violent conflict in the Middle East in October 2023 must not be repeated.

Especially important in this respect is the part played by the High Representative/Vice President of the European Commission (HR/VP) in providing coherence. As well as Commission Vice President, the post also combines the functions of chair of the Foreign Affairs Council (FAC) and head of both the European External Action Service (EEAS) and the European Defence Agency (EDA). In combination with the right of initiative and a mandate to push for the implementation of policies, this interinstitutional position makes the HR/VP a key player. However, the role remains underexploited and constrained by a lack of alignment among Member States and the rivalry between the presidents of the EU Council and the Commission.

The new EU leadership should therefore **make better use of the HR/VP role by providing the incumbent with the necessary responsibilities and resources to steer EU foreign policy in practice**. Of particular importance is the definition of the scope of the HR/VP's activities as Commission Vice President: the new leadership should give the next office holder the executive role of overseeing the work of all commissioners with external portfolios, including those responsible for humanitarian aid, the EU's neighbourhood, enlargement, and development. The envisaged appointment of a new commissioner for defence industry will contribute to increasing the effectiveness of EU foreign policy only if this position reports to and is coordinated by the HR/VP.

02 Move towards more majority-based decision-making under current treaty provisions

The protracted way in which the EU takes foreign policy decisions hampers the Union's external action. Contrary to internal policies, where qualified majority voting (QMV) nudges Member States towards compromise, any country can cast a veto to prevent EU foreign policy action. Moving towards regular use of QMV in the EU's Common Foreign and Security Policy (CFSP) has therefore been a long-standing need. The number of Member States that see the necessity to move away from unanimity is growing, and previously reluctant countries in Central and Eastern Europe and the Baltic region are gradually shifting their positions.

In the absence of bold measures involving revisions to the EU's treaties, the new leadership should push for three practical measures. Firstly, the leadership should **apply QMV whenever legally possible**, including through careful use of the *passerelle* clause, which allows a move from unanimous to majority voting in specific policy areas but grants Member States an emergency brake for particularly sensitive issues. Secondly, the leadership should **use constructive abstentions** to allow Member States to formally abstain from particular decisions while still accepting them and without being obliged to directly apply or fund them. And thirdly, the leadership should **make increased use of the Commission's competition and trade competencies to pursue broader CFSP objectives**, such as with the EU's Anti-Coercion Instrument, the Investment Screening Regulation, or the Regulation prohibiting products made with forced labour on the Union market.

03 Use Special Representatives as policy entrepreneurs and bridge builders

The EU should maximise the impact of its Special Representatives (EUSRs), whether for conflict situations in regions that the Union perceives as strategically important or in specific policy domains, such as human rights. Appointed by the Council, these envoys are a valuable resource for providing

analysis, delivering political messages, and representing and communicating the EU's engagement to third parties. EUSRs are political actors with broad mandates and operate with discretion and a certain flexibility, which differentiates them from high-ranking EU officials who are institutionally bound. Still, **the selection of EUSRs needs to consider their ability to coordinate with the EU's bureaucracy**, so that they are actual representatives of EU policies and not free-roaming diplomats.

To further align their work with the EU's priorities, the Union needs to **strengthen the EUSRs' lines of accountability to the FAC and the EEAS as well as the coordination between the Representatives and EU delegations** in third countries. In institutional terms, this task falls to the chair of the EU's Political and Security Committee as the focal point in the EEAS. In policy terms, the EU needs to embed the EUSRs' mandates in regional strategies. Where such a strategy does not exist, the EUSR should contribute to formulating one. Moreover, the EUSRs should engage in regular consultations with the relevant committees of the European Parliament.

The number of EUSRs should ultimately be determined by the EU's policy priorities, both geographic and thematic, in the spirit of strategic selectiveness. The Union should cease or merge EUSR mandates when they are no longer necessary and create new ones when a crisis requires targeted EU action.

04 Improve the coordination of strategic foresight across EU institutions

Rapid technological and geopolitical changes, as well as an evident lack of preparedness for a series of crises from the COVID-19 pandemic to Russia's invasion of Ukraine, have pushed the EU to intensify its use of strategic foresight across various policy domains. Back in 2010, the Union set up the interinstitutional European Strategy and Policy Analysis System (ESPAS) for cooperation on foresight activities. Yet, it was only during the 2019–2024 policy cycle that foresight methods became institutionalised and professionalised.

Now, however, the use of foresight risks becoming inflated and fragmented across the EU, as individual institutions and even departments in the Commission, the Council, and the EEAS have developed their own foresight units. Information exchange on ongoing foresight activities is often insufficient, leading to the suboptimal use of financial and human resources and the duplication of projects. While a vibrant 'marketplace of ideas' has many positive aspects, **a strategic approach requires the insights of scenario planning and horizon scanning to be integrated into the plans and actions of the entire EU**.

To coordinate the use of strategic foresight with a view to strengthening the EU's capacity to respond to crises in strategically important regions, the new EU leadership should make better use of existing structures, such as ESPAS and the portfolio of the commissioner for inter-institutional relations and foresight. While each institution or unit conducts foresight within its remit, the next commissioner should **promote and coordinate a horizontal and multidisciplinary approach to foresight that considers the links between the internal and external dimensions of EU policies**. Only by making the necessary policy and organisational changes based on the use of such methodology can the EU address the multidimensional challenges ahead.

05 Harness the EU's unique competencies in security and defence

Russia's full-scale invasion of Ukraine has exposed the very limited defence capabilities of EU Member States as well as the fragmentation of the European defence industry. It has also shown where the EU's comparative advantage lies: in its legislative and financial mechanisms. These have allowed the EU to quickly transform its off-budget financial instrument, the European Peace Facility, into one of the most powerful responses to the war. In parallel, the Commission has proposed new

tools, such as the simplification of procurement procedures and value-added tax exemptions, to encourage joint military research and development, including prototyping and procurement, and strengthen the EU defence market.

However, to reach the goal of a 40 per cent share of joint procurement by 2030, as set by the 2024 European Defence Industrial Strategy (EDIS), and to deliver capable European armed forces in the long term while upholding the principles of human security, the EU needs to take a series of steps. Firstly, the Council should **define the purpose and key areas of enhanced defence industry cooperation, considering the goals set by the EDIS** to provide political buy-in. Next, substantially **increasing the EU budget for defence would provide incentives for Member States to engage in cooperative projects** under the purview of the potential defence industry commissioner. Finally, not only must the EU's 2028–2034 multiannual budget account for this growing financial need, but the **annual budgets for 2024–2027 must also increase accordingly**. Therefore, close collaboration among all stakeholders – in particular, Member States as ‘masters of the armies’ and the Commission – is crucial. The speedy launch of the instruments proposed in the EDIS and, most importantly, the allocation of adequate funding are vital first steps.

06 Redesign the EU's policy towards neighbouring countries

The security crises in Europe's East and South have demonstrated the shortcomings of the EU's neighbourhood policy and enlargement approach. While the former failed to stabilise a wide ring of countries and bring them closer to the EU, the latter has proven inadequate in the face of geopolitical challenges. For strategic selectiveness to mean anything, it implies a renewed and reinvigorated focus on the EU's immediate neighbourhood.

A redesign should consider three elements. Firstly, the new EU leadership needs to devise a policy towards those neighbours that, for various geographic or political reasons, will most likely remain outside the club but are of strategic importance. Given the diversity of the countries in question, a **tailor-made approach designed in partnership is the most effective**, as it provides for issue-specific cooperation without excluding regional cooperation projects like the Neighbourhood Investment Platform.

Secondly, the EU needs to reform its enlargement policy in view of the growing number of countries with membership aspirations. Given how central this task is for the future of the European project, a **dedicated European Commission Directorate-General for enlargement proper** (rather than merely for the neighbourhood and enlargement negotiations) would indicate the EU's renewed seriousness about the process – just as the absence of such a Directorate-General over the past decade has signalled a lack of political will to open the door to new members. At the same time, the EU's **stress on candidates' merit and compliance with EU rules is key**, as there is no correlation between time spent on the path to accession and readiness to join. Based on the principle of political conditionality, the **fulfilment of specific conditions must be the sole determinant of each country's progress towards accession**.

Thirdly, to strategically address the security needs and concerns in the neighbourhood, the new EU leadership should **make full use of the European Political Community**. This intergovernmental platform, which brings together forty-four European countries, can help advance the EU's goals by serving as a boost for candidate countries while enhancing cooperation with those without membership aspirations. For example, the members of the community could set up joint projects on energy security outside the EU's structures to provide tangible benefits in their own right while contributing to candidates' fulfilment of the EU accession criteria.

07 Mainstream External Action Plus

Tackling current global challenges requires overarching action across various policy domains. Consequently, the EU's external activities have expanded to include the external dimensions of internal policies such as competition, climate, and health – what is known as External Action Plus. However, the EU seldom mainstreams such linkages between internal and external policies to ensure that policy areas are coordinated, which hampers overall coherence. At the same time, the simultaneous mainstreaming of multiple policies can lead to dispersion and overlaps among implementing stakeholders.

Therefore, the new EU leadership should **provide more systematic and rigorous mainstreaming mechanisms**. While initiatives to mainstream climate, health, and gender goals into external action are under way, there should be a **single focal point that owns these policies and tracks them across other Commission services and the EEAS**. The focal point should be located with those responsible for the policy in question – that is, a Commission directorate-general for the mainstreaming of internal policies, such as climate or health, into external action, and the EEAS for the inclusion of geopolitical and geoeconomic considerations in internal policies. Allocating resources to interdisciplinary teams that form these focal points would streamline mainstreaming efforts, avoiding scattered and overlapping initiatives.

To this end, a holistic view of mainstreaming efforts across all areas should include the **development of indicators, data collection, and robust impact assessments to track progress** effectively and ensure meaningful impact. Finally, the **integration of agencies that currently focus almost exclusively on intra-EU activities**, such as the European Institute for Gender Equality, into the formulation and implementation of EU foreign policy would support the mainstreaming of External Action Plus.

08 Remodel strategic partnerships into an instrument worth its name

The new EU leadership should engage in a conceptual and functional review of the Union's strategic partnerships in view of rapidly evolving security challenges as well as the EU's core interests and capabilities. These partnerships' incremental development without an overarching rationale has created a complex and convoluted system, in which some partnerships have lost their *raison d'être* because of a misalignment of objectives, while others have run into implementation problems.

In the spirit of strategic selectiveness, the next EU leadership should **rearrange the Union's network of partnerships based on its long-term foreign policy goals**, by phasing out those that no longer serve its interests while strengthening others and establishing new ones where needed. As a rule, the EU should equip all partnerships with the flexibility to respond to emerging developments via political dialogue and specific projects. The Union should also **bolster its strategic partnerships with international organisations by defining specific areas in which close collaboration is most crucial**.

Given the implementation challenges of comprehensive agreements with individual countries or regions, **the focus of new or redesigned partnerships should be on issue-based arrangements**, like the recent agreements on sustainable raw materials value chains. These can be swiftly implemented and more easily adapted to a changing external environment. Such specific partnerships should be based on clearly formulated shared objectives, include a detailed implementation road map, and be accompanied by regular verification mechanisms led by the relevant Commission directorate-general or EEAS unit.

09 Ensure a level playing field for Global Gateway projects

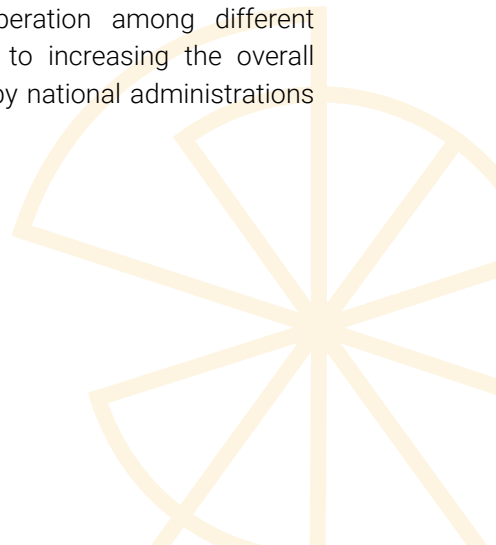
The Global Gateway is the EU's flagship initiative for global infrastructure investment. It will come to determine a large part of the EU's relations with emerging markets and developing countries. The Global Gateway is an ambitious public-private partnership that aims to de-risk and crowd in private-sector investment and strategically select regions in which to invest in tailored infrastructure projects. It should **guarantee that project implementation in recipient countries is not contracted out to low-cost, substandard, or subsidised companies from non-EU countries**. In any case, the Global Gateway has become part of a 'battle of offers', competing with the US Partnership for Global Infrastructure and Investment and China's Belt and Road Initiative. This, in turn, weakens the EU's traditional conditionality approach.

Creating a level playing field for European companies in Global Gateway projects requires **establishing stringent environmental, social, governance, and due diligence standards**. It also means **prioritising price-quality ratio considerations** over a lowest-cost basis in public tenders and **including externalities over the entire lifecycle** of a project in cost calculations. Procurement guidelines should include **stricter nationality rules for tenders** by stipulating the effective place of establishment **not only of the participating entities but also of the companies that control them**, as is already the case with programmes such as Horizon Europe. Beyond this, the EU should **make sure that its novel International Procurement Instrument is applied to Global Gateway projects**. This would not only ensure that EU firms contribute to strategic infrastructure globally but also exclude companies from third countries that do not allow EU firms to take part in their public procurement.

10 Employ a Team Europe approach to crises and non-crisis situations

The Team Europe approach emerged in 2020 when the EU institutions, the Member States, the European Investment Bank, and the European Bank for Reconstruction and Development (EBRD) combined efforts to provide short-term emergency finance during the COVID-19 pandemic. Over time, the approach has gained traction and political buy-in to expand to other areas of external action. By bringing together Member States and EU institutions as well as non-EU bodies like the EBRD in pursuit of common goals, Team Europe helps pool resources and multiple policies for specific projects. It also ensures that third parties working with the EU institutions and Member States receive a single, coherent message that represents the whole Union.

The new EU leadership should further **develop this format, by adapting it to the geographic context of each initiative and using it to address both crises and non-crisis situations** from joint response planning to joint implementation. In addition, the EU should **consider adopting a Team Europe approach for the big, transformational proposals to be outlined in the priorities of the next Commission**, including by involving non-EU financial bodies. These formats could be effective in efforts to reform multilateral development banks to prioritise climate objectives. It would also be worthwhile to make better use of this approach to improve cooperation among different government branches across Member States. This would contribute to increasing the overall coherence of the EU's external action and foster a sense of ownership by national administrations for common projects.




Towards a Europe that protects and builds the future

Beyond highlighting the EU's lack of specific instruments and resources, the current period of crisis underlines how fundamentally different the EU's approach will have to be in the near future for the Union to prevail in a world of geopolitical competition. If the traditional objective of the EU's treaties was to economically and politically integrate an ever-increasing group of Member States, the task now is to **establish an effective and coherent set of institutional procedures and tools in diplomacy, development, and defence to secure the EU's interests in the world**.

The adoption of the above recommendations would strengthen the EU's foreign and security policy in an increasingly complex and confrontational global environment. Given the necessary trade-offs involved, this goal requires strategic selectiveness in the areas where the Union engages and the means with which it does so. It also calls for a **mindset that is not stuck in defensive mode but aims to shape the international order** in a way that allows the EU to continue to thrive.

Finally, the measures outlined here mark only the next EU leadership's immediate action to prepare the Union for a more fundamental shift, which eventually will include changes to the EU treaties. Whether this step will be taken by all twenty-seven Member States or by a smaller, avant-garde group is for national governments to decide. What is certain, however, is that the millions of EU citizens who voted in the European election this summer want to have a say in how their future is built.

These recommendations are based on the Horizon Europe research project Envisioning a New Governance Architecture for a Global Europe (ENGAGE), which involved thirteen universities and think tanks from across Europe and produced thirty-two research papers over more than three years. The project's aim was to contribute to the EU's ability to proactively shape the international environment, anticipate crises, and respond to them in a long-term manner. The authors wish to thank all members of the consortium for their constructive collaboration. They are especially grateful to Anna Fonts Picas, Mateu Tomi Marin, and Greta Stevanato for their valuable research contributions.



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The ENGAGE (Envisioning a New Governance Architecture for a Global Europe) project examines how the EU – both the institutions and its Member States – can effectively and sustainably harness all of its tools in joined-up external action alongside the Common Foreign and Security Policy (CFSP) and its Common Security and Defence Policy (CSDP) to meet key strategic challenges and become a stronger global actor.

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