Between Hard and Soft Power
The European Union in a More Competitive World

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# Between Hard and Soft Power

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Preface

Our 21st Foreign Policy Conference took place in the second half of January 2021 as a multi-day online event. This reader provides some insights into the issues, perspectives and debates which were raised during the conference.

Although Covid-19 overshadowed the whole preparation period and the event itself, our aim was to look beyond the Corona crisis and focus on geopolitical developments, which – in our eyes – will gain importance in the German and European foreign policy debate in the coming years, irrespective of the long term effects of the pandemic.

First and foremost, this meant that we aimed at the big European debate, which has been going on for several years now: we wanted to address the question of how the EU could find its place in a more competitive world. The buzzwords of this debate were the concepts of strategic autonomy and strategic sovereignty of the European Union.

These concepts directed our debates automatically to another big question: the future of our transatlantic relations. To what extent will the EU still need a strong American partner, and where should Brussels go forward on its own? How reliable and credible are US security commitments for Europe in the years ahead?

Not surprisingly, we received different answers to these questions, depending on whom we asked and on which European region we focussed. Some of these divergent assessments can be found in this reader and show how the grand European strategic debate is still in its early stages of development.

Also, there was general insecurity about the extent to which the EU can cope with crises in its Eastern and Southern neighbourhood. The overall consent was that the EU could do better, act more coherently and be a more credible power broker, be it in Belarus, Libya, the Black Sea region or the Eastern Mediterranean. Some ideas on how to improve European External Action in these regions can also be found in this reader.

But how to get there? Does the EU need more soft or more hard power to navigate through a more competitive world? The answers we received were not conclusive. Again, there was some consensus that Europe must learn the language of power, as the Union's High Representative for Foreign and Security Policy Josep Borrell put it, and that a relevant part of this power should come from Europe's geo-economic might. But two large questions remained somewhat open:

1. Can the EU become a respected global actor without its own dedicated military capabilities in the long run?
2. How should Europe deal with the Chinese challenge in the digital and technological sphere? Should it bandwagon with the US and antagonize Chinese IT players, or should it search for a European way, which is more in line with its interests and values?

Both discussions are quite dynamic and their future trajectory is not predictable. With our Foreign Policy Conference and with this reader we hope to have provided some interesting insights into the ongoing debates on the future of Europe.

My special thanks goes to our external consultant and conference coordinator Lena Strauss, who did most of the editorial work of the present manuscript, and to my colleague Milena Grünewald, who was responsible for the overall management of our 21st Foreign Policy Conference.

Berlin, June 2021

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PART I

OPENING THE DEBATÉ
Poland and the Baltic States: a Preference for a Renewed West

Poland and the Baltic states have developed a cautious stance towards the idea of achieving European strategic autonomy or sovereignty by the European Union. The four countries share the understanding that the EU should do more in foreign, security and defence policy and be more cohesive in other policy areas. However, due to their history and the importance of the relations with the United States to their security Poland and the Baltic states prefer to promote the narrative on the need to reform the West understood as the transatlantic community encompassing NATO and the EU. Within such a renewed West, Europe needs to take more responsibility in a close cooperation with the US vis-à-vis the increasing challenge coming from Russia and China.

The West as a Bedrock of Security and Prosperity

Poland and the Baltic states are relative newcomers to the Euro-Atlantic structures - NATO and the EU. Poland has joined the North Atlantic Treaty Organisation in 1999, with the Baltic states following suit in 2004. All countries joined together the European Union in 2004. This has been perceived as their «return» to the West, concluded after the post-war Communist rule and the process of transformation following the fall of the Iron Curtain in 1989. The West was defined as a political, economic and military alliance between the United States and (then Western) Europe. Being part of the West was associated with democracy, stability, prosperity but also with sovereignty and independence. The European integration was meant to be an accelerator of new member states' socio-economic development, and NATO – with a strong role of the United States – a source of security and an answer to the ever-existing problem with an imperialist Russia. This perception and the notion of the West, that is gradually disappearing from West European discourse, needs to be taken into account when analysing Polish and Baltic perspectives in the discussions on European strategic autonomy or European sovereignty.

The overall conviction in Poland and the Baltic states is that the «golden period» of their peaceful and predictable post-Cold War development has come to an end. The four countries on NATO's and EU's eastern flank feel the anxiety coming from the increasingly adverse global and regional environment to a much higher degree than Germany, a country at the heart of Europe. On the one hand, for Poland and the Baltic republics the Russian Federation has become the main source of instability in the eastern neighbourhood. On the other hand, the West, the foundation for region's stability, is undergoing a transformation process. From Polish and Baltic view, the outcome of this transformation should be a renewal of the Western community with Europe cooperating closely with the US in a
challenging world, where Russia and China exercise their power in an increasingly aggressive manner. This is a mainstream view in all four countries, with their peaceful development being dependent both on the EU and NATO. From region’s perspective the question should be thus about the parameters of the West’s «renewal» and not only about the future of Europe.

Caution towards European Strategic Autonomy and European Sovereignty

Therefore, the terms European strategic autonomy and European sovereignty are met with an unease in Poland and the Baltic states. The widespread debate in Germany and France on this issue has not reached the Polish or Baltic publics. There have been only a few articles published on the topic, virtually no public or expert events on the issue and government officials omitting this issue.

From the four countries’ perspective «European strategic autonomy» was an ill-devised term from the start. In the Global Strategy of the European Union, it was defined as an autonomy regarding external crisis management. This was a limited definition, contrary to the ordinary understanding of the term, which denotes an emancipation of the EU in political, economic and military terms (from the United States). Such an understanding of the future of the EU is unacceptable for Poland and the Baltic states, in which close political, economic and military relations with the US are considered as foundations of regional security. Listening to Paris, which favours European strategic autonomy, the use of this term is not merely a misunderstanding but a reflection of national preferences reflecting the above-mentioned wider definition. Otherwise, French officials would have long embarked for a different narrative. The German option for using «European sovereignty» for taking more responsibility and ability to act on part of the European Union creates confusion as well. Sovereignty is commonly attributed to nations and using it in the European context opens the unproductive debate about the «federalisation» of the EU with different views from the member states. Moreover, apart from the Germans debating this issue hardly anyone sees the difference in substance between European strategic autonomy and European sovereignty. As two German experts wrote: «Europe has to move beyond toxic debates about «autonomy» or «sovereignty» toward tangible policies». 
More Substance: European Engagement in Security and Defence

More European substance needs to come in the area of security and defence. It is clear to Poland and the Baltic states that NATO should stay the main military alliance that takes care of Europe's collective defence. At the same time, Europeans should do more, both in terms of investments in their own national armed forces, engagement in collective defence in NATO and in external crisis management in different formats (NATO, EU, UN) as well as in terms of non-military resilience against malign Russian and Chinese influence.

From this perspective recent efforts to increase security and defence cooperation in the EU are welcomed. They should however serve also the security needs of eastern flank states. The EU should engage in military and civilian crisis management through own missions and operations. But it should also contribute to NATO's collective defence through financial support for military capability development and through projects such as military mobility. This has so far been done to an insufficient extent. Europeans should use e.g. PESCO and European Defence Fund projects to a larger degree to advance military capabilities that are lacking in NATO, such as air defence or disruptive technologies. A great opportunity to synchronise the EU's and NATO's activities in security and defence will be the development of strategic documents in both organisations that will take place in the coming two years. From Polish and Baltic perspective, it should be a priority to harmonise the goals and means of EU's Strategic Compass and NATO's Strategic Concept.

But this is not enough. European allies should do more also within NATO. The US shift of focus to Asia-Pacific will have consequences. US military engagement in the European security will not be guaranteed to the extent it used to be in the past. More European, including more substantial German engagement on the eastern flank needs to come either through NATO or regional cooperation formats, ideally in collaboration with US forces in the region.

«Sovereignty» for all EU Member States

The Polish and Baltic concerns about European strategic autonomy or European sovereignty do not relate to security and defence only. The worry is also about the balance of power in the post-Brexit EU and about the representation of the interests of all member states. The four countries have concerns that under the umbrella of narratives about European «autonomy» or «sovereignty» French and German interests will be at the forefront of EU's agenda with smaller and medium-sized EU member states being side-lined.

This is because Brexit has changed the political configuration of the EU. Poland and the Baltic states have lost an important ally balancing the Franco-German tandem. The United
Kingdom shared with the region similar approaches to many policy areas including transatlantic relations, Russia, European security, the internal market, the common currency and trade. Since 2016 the Franco-German relationship in the EU has been strengthened. Even if France and Germany do not share the same vision on the future of the European Union and follow different national interests, a compromise in concrete policies is increasingly shaped somewhere in the middle ground between Berlin and Paris. The position of Poland, a middle-sized member state, and of the three small Baltic states, has thus become increasingly challenging. In these countries the European autonomy or sovereignty is partly perceived as a buzzword for promoting Franco-German undertakings in the EU, in which mainly or solely the two countries were involved. Creating «European» champions, starting «European» armaments programs, introducing more protectionism on the internal market, proposing qualified majority voting in foreign and security policy along with adaptations in other policy areas - all this has been proposed without the region’s involvement and was met with an unease for the reasons mentioned.

Therefore, a more inclusive approach on the part of France and Germany in the debates and actions on «more Europe» is needed. Excluding Polish and Baltic states’ perspective and interests that are to a large degree shared also by the Nordic and the V4 countries might be counterproductive for the intra-EU debate.
Europe as a Power: A French Vision for Europe in the World

The Biden election gave a new momentum to the European debate on strategic autonomy. The concept of strategic autonomy (as well as European sovereignty), which features in EU official documents, remains unclear to many, and even controversial in some European capitals. The recent open disagreement between French president Emmanuel Macron and German defense minister Annegret Kramp-Karrenbauer illustrates the existing differences among EU member-states.

France has historically taken the lead in promoting a sovereign and strategically autonomous Europe. Rooted in the French strategic culture, this ambition has been reaffirmed over the past four years in light of the deterioration of the European security environment and the political evolutions in the United States and China. During his 2017 presidential campaign, Emmanuel Macron argued that Europe was «at the crossroad between strategic irrelevance and a reaffirmation of its power on the international stage». This sense of urgency has guided the action of the French president ever since.

President Macron has been particularly outspoken about his vision of Europe, giving regular speeches and interviews on the subject and putting the European project at the center of his foreign policy discourse. His approach, however, is largely in line with the one of his predecessors. It stems from the idea that France, like all other European states, has an increasingly limited leverage in a world of great power competition, and that its national interests are best defended and promoted at the European level. In that context, European strategic autonomy – understood as having the ability to act by yourself when necessary, upon decision you have made based on your own rules – becomes a necessity rather than a choice.

Whether deemed too vague or in direct contradiction with French foreign policy choices, the idea of «Europe as a power» has triggered heated debate in Europe and even clear opposition from key partners. To convince the skeptics, France will have to better articulate its vision of Europe with a strong transatlantic cooperation, clarify its institutional approach, and translate it into a clear policy timeline.

Why Europe Needs a Vision

In theory, all European leaders heartedly agree that Europe should be ready to do more for its own security and to defend its strategic and economic interests. The conceptual debate on European sovereignty and strategic autonomy could therefore appear pointless. One
could argue that the never-ending battle of narratives has in fact become toxic and counter-productive. For the French president, however, it is the lack of a clear political vision that has become an existential threat for the European project. Convinced that the populations' support is vanishing, Emmanuel Macron argues that Europe needs to reinvent itself and that building an inspiring narrative is a priority. This is all the more urgent as the fading memory of the war and the succession of economic crises have made the EU a less credible guardian of peace and prosperity for the new generations.

In fact, French decision-makers have complained less about the reluctance of European partners to embrace the French vision than about the lack of interest for creating a new political vision altogether. French minister of economy Bruno Le Maire argued that if the purpose of Europe was «only to be a trading port and a single market, I am not interested». From the French point of view, such comments should be heard as a call for other European leaders to present their own perspective on the role of Europe in the 21st century. French officials often regret the absence of clearly defined alternatives, as no other country seems to share the same eagerness in redesigning a political raison-d'être for Europe.

A Battle of Realism

In their recent spat over the future of Europe and the transatlantic relationship, both President Macron and Minister Kramp-Karrenbauer called for Europeans to be realistic. While the latter declared that «illusions of European strategic autonomy must come to an end», the former argued that the French vision was, on the contrary, rooted in a lucid understanding of the strategic environment.

For France, great power competition is the name of the game, and Europeans have no choice but to play it. Europe simply cannot afford to be a mere observer – or worse, an object – of the U.S.-China global competition, nor can it remain strategically impotent when faced with the hostile actions of other actors such as Russia and Iran. As the European project was in part designed to overcome power politics, this will require a difficult yet necessary cultural shift. Being realistic, in that sense, is to accept that Europe is «forced to be a power».

The same realism dictates to acknowledge the evolution of U.S. domestic and foreign policy and its implications for Europe. European partners have not shared the same experience of the transatlantic relationship over the past two decades, which has led to many disagreements. For France, the U.S. has become a more unpredictable ally due to the extreme polarization of its politics. Bipartisanship appears to be a thing of the past, and the election of Joe Biden will not change this deep trend. The U.S. focus on the Indo-Pacific also means that transatlantic and European priorities may increasingly diverge. From a French perspective, one cannot overstate the historical importance of Barack Obama’s decision not to strike the Syrian regime in 2013. The «red-line» episode embodied the fact
that the Syrian conflict, and its strategic implications, were not assessed as vital for U.S. interests. It left France – and Europeans – helpless while other powers gained influence in the region. Similar situations are doomed to recur if the transformations in U.S. policy are not accepted and the transatlantic relationship fails to adapt.

As a result of these evolutions, relying only on the U.S. to defend European security and interests is both unrealistic and strategically unsound in the long run. The role of Europe in the world cannot be limited to be a partner. It does not mean, however, that the French vision of strategic autonomy is one of independence from the U.S. On the contrary, transatlantic cooperation should be sought and strengthened whenever possible. In fact, France and the U.S. have experienced an outstanding level of defense and security cooperation over the past decade, and Paris has made clear that U.S. support was still essential to pursue its policy goals.

Assuming Greater Strategic Responsibilities

The French discourse emphasizes the need for Europe to assume more responsibilities on the world stage. This ambition reflects a deep French concern: how to avoid becoming irrelevant in the current strategic environment? The question bears clear policy implications. To fully play their international role, European partners need the ability to define their interests and assess their security environment on their own, the political capacity to decide of the course of actions they wish to follow, and the capabilities to implement their policy decisions. French officials often refer to these three pillars of strategic autonomy to explain their positions on particular foreign policy issue.

Emmanuel Macron's approach to Russia illustrates this ambition. The French president has openly shared his concerns to see European powers sidelined while the U.S. and Russia discussed security matters with direct implications for European security. France notably criticized the Trump administration's lack of coordination on the abandonment of the INF treaty, as well as the future of the New Start treaty. *This significantly affected Europe's ability to evaluate and influence its own strategic environment.* Macron's initiative to rethink the relationship with Moscow was meant to avoid a situation where great powers could decide the future of the European continent without taking into account European perspectives. It also aimed at keeping an open channel of communication with the Russians who, in Macron's view, would have no choice but to seek European cooperation as China increasingly takes the lead in Asia.

Similarly, France's military activism in the Middle East, North Africa and Sahel region, are thought to advance French as well as European security interests. The 2013 French intervention in Mali was a point in case: the possible collapse of the Malian state to an Islamist terrorist group would have eventually been a serious threat for all European states. Paris regularly reminds allies of the need to have a 360-degree understanding of
European security. The operation also highlighted the way France wants to articulate European empowerment with transatlantic cooperation: both the Obama and Trump administrations perceived the French leadership in the region to be in the U.S. interests, while U.S. logistical and ISR support has been instrumental on the ground.

Emmanuel Macron’s comments on NATO constitute another example of this need for Europeans to take more responsibilities. By calling NATO «brain dead», the French president reacted to the recent Turkey’s military operations in North-Eastern Syria, with the carte blanche of the Trump administration. For Macron, NATO is essential to European security, and the military organization has undergone significant changes to adapt to threats, but the alliance has failed to protect French – and European – interests from the actions of another ally. The situation within the alliance, marked by conflicting priorities and a lack of political leadership from the U.S., further convinces French policymakers of the need for European strategic autonomy.

A Contested Vision in the European Context

In many ways, the so-called French vision has been embraced by EU institutions for several years. Under Jean-Claude Juncker, the strategic ambitions of the EU in the world greatly increased. The Von der Leyen commission was presented as «geopolitical», while the EU High Representative Josep Borrell repeatedly urged Europeans to «learn to use the language of power». Yet, the ideas promoted by Paris remain divisive in Europe.

Part of the controversy can be traced back to issues of communication. The translation of concepts in national languages, the different diplomatic traditions, as well as the multiplication of long foreign policy speeches by French leaders have added to the confusion. These misunderstandings, however, should not overshadow the deeper political disagreements. France cannot overlook the substantial criticisms expressed by some partners.

First, the French vision fails to define what «Europe» is, and therefore lacks in institutional clarity. France remains fundamentally pragmatic in its approach of EU institutions, prioritizing efficiency. This «whatever works» philosophy has become an issue for smaller European states strongly attached to the institutional equality that the EU provides, but also for Germany. France has been a strong advocate of EU solidarity, in the case of the Greek-Turkish tensions in the Eastern Mediterranean for instance, while also building coalitions outside the EU framework when necessary. Besides, the concept of European sovereignty seems to imply a federalist project, but the French government remains cautious not to address it as such. This vagueness, along with the uncertainty of the future of the security relationship with the UK, creates confusion. For some European partners, the institutional questions raised by the idea of «Europe as a power» remained therefore unanswered.
The second difficulty relates to the policy timeline. Emmanuel Macron's European policy stems from a strong sense of urgency. The French president often mentions the limited time left for Europeans to avoid being the object of a bipolar competition. At the domestic level, he also shares his concerns that the French public support for the European project could quickly fade away if important changes are not implemented. On the other hand, European strategic autonomy is described as the project of a generation, conditioned by the slow emergence of a common European strategic culture and the development of complex strategic capabilities. As a result, France has to constantly reconcile the need for quick European «wins» with long-term European interests. This can become problematic at the transatlantic level, when strengthening European strategic autonomy requires to sacrifice short-term compromises with the U.S.

Finally, France also faces a leadership paradox. Indeed, Paris has often assumed a position of European leader in the foreign and defense policy fields over the past decade. While undoubtedly helping Europe's strategic emergence, France's activism revealed the mistrust of some partners towards European initiatives which are seen as the continuation of France national ambitions. France has been criticized for its unilateralism in Libya, as well as for its policy of rapprochement with Russia, which have weakened its credibility as a champion of European interests. The French vision, to be materialized, requires a critical mass of European countries to unite and embrace its project. Paris therefore still has some work to calibrate both its rhetoric and its actions to achieve its goal.
PART II

CHALLENGES IN THE EUROPEAN NEIGHBOURHOOD
Yvonni Efstathiou

How Common and Effective Is the EU's CFSP in the Eastern Mediterranean?

Interstate wars may be in decline and, undeniably, today's world is a much safer place compared to the previous century. Yet, crises and civil wars that draw foreign powers are far from being over. The European continent is not immune to the global deteriorating security environment. In recent years, Europe has found its eastern and southern flank under tremendous pressure, due to regional conflicts and their resulting transnational threats as well as the revival of revisionist powers in the wider region. The Eastern Mediterranean is probably the epitome of the aforementioned dynamic. The Syrian and Libyan conflicts, mass migration flows, arms proliferation and regional powers' attempts to alter the status quo, are all destabilising the region's security and threatening its prosperity. Indeed, the situation in the Eastern Mediterranean has drawn much attention since the 2010s, initially with the Arab Spring and most recently with Turkey's illegal drilling activities and claims over the Aegean Sea. In light of the regional developments, the European Union has responded with, among others, warnings, a migration agreement and naval deployments.

The 2000 EU Common Strategy for the Mediterranean and the 2016 Global Strategy for the European Union's Foreign and Security Policy, which references the Mediterranean region, to date constitute the EU's overarching texts regarding its regional aims and goals, while defining the Union's role as a global foreign policy actor. Although both documents seek to ensure peace and prosperity at the backdrop of border security, counterterrorism, non-proliferation and water and food security, there is little clarity over the methods and tools needed to achieve them.

In the Eastern Mediterranean, Brussels faces the same old problem: EU Member States' divergent security threat perceptions and interests prevent the formation and implementation of a unified foreign policy strategy. This has become all the more evident in the case of Turkey's revisionist agenda. While Member States broadly agree that Ankara must halt its illegal drilling activities, resolve its differences with Greece peacefully through diplomacy, and nurture a working EU-Turkey relation, they differ on how best to achieve it. On the one hand, Germany, Italy, Spain and Malta are all pursuing a less confrontational stance, believing sanctions could trigger retaliation and an exodus of refugees and migrants in Europe. They also fear the side effects on their economies and in the case of Italy, how its interests in Libya, where Turkey plays an important role, would be impacted.

The Council Conclusions, to some extent, reflect this approach. Invitations to submit «options for appropriate measures», including «targeted measures», references on «all options [being] on table» and declared willingness to use «instruments and options in
accordance with Article 29 of the Treaty of the European Union and Article 215 of the Treaty on the Functioning of the European Union» have not materialised yet. Three years after Member States first called Turkey to cease its unilateral and illegal actions and refrain from violating Cyprus and Greece's maritime frontiers, they have still not imposed sanctions, but on two persons under the framework for restrictive measures in response to Turkey's illegal drilling activities. Nevertheless, Member States have «agreed to launch a positive political EU-Turkey agenda», provided «constructive efforts to stop illegal activities vis-à-vis Greece and Cyprus are sustained».

On the other hand, Greece and Cyprus, whose sovereignty and sovereign rights are at stake, are after a more robust approach. Indeed, the current policy of repeated calls, but limited action has not proven effective. Undeniably, it has not prompted Ankara to cease its illegal activities in the Eastern Mediterranean. In what has become a trend, before a Council meeting, Turkey freezes its unilateral activities, only to resume them following the publication of the meeting's Conclusions. The Yavuz and the Orus Reis search ships, escorted by Turkish Navy vessels, continue to breach the two EU Member States' maritime borders, risking collisions similar to the August 2020 incident. Meanwhile, the present policy has not averted Ankara from advancing its revisionist claims, questioning the Treaty of Lausanne (1923) that established not only the modern borders between Greece and Turkey, but with most of the countries in its periphery. Mavi Vatan, or the Blue Homeland, has become the epitome of Ankara's maritime claims in the Eastern Mediterranean and Turkey's buzzword in describing its overall rejection of the regional status quo. Central to these claims is the perceived historical injustice that limits its presence in the Eastern Mediterranean Sea and arguably, its interest in the natural gas deposits off the coast of Cyprus and potentially in the Aegean Sea.

However, dealing effectively with the current tensions and instability is vital for the EU, as the region is not only strategically important, but its handlings there would have severe implications for the Union's prestige as a global security actor and Member States' unity. The lack of a more firm EU stance towards Ankara risks isolating Athens and Nicosia. Greece, which experiences daily violations of its national airspace, including overflights of inhabited areas and territorial sea, has been sceptical towards Berlin and its ability to deal with its security dilemma to a degree that was not witnessed even during the 2010 financial crisis. In response to the present situation, both Greece and Cyprus are already fostering their bilateral relations with regional states and are training extensively with like-minded countries.

For instance, in November 2020, Athens reached a strategic partnership with the United Arab Emirates (UAE) that includes a mutual defence clause, to be activated in the event one of the two countries' territorial integrity is threatened. Even though the agreement explicitly states it does not concern specific third countries, both parties understand that it was signed to counteract Turkey in the Eastern Mediterranean and the Middle East region. Defence cooperation agreements with Egypt and Israel are also examples of Greece's policy
of integrating regional states, which share a common understanding, in its security architecture. Moreover, Athens' decision to bolster its military capabilities should be understood in the context of a perceived conventional threat stemming from Turkey. Nicosia and Athens have been also participating in military drills with France, Egypt, Israel and the UAE, which openly oppose Ankara's endeavours in the Eastern Mediterranean. Paris has condemned Turkey's actions and has enhanced its presence in the region, with Macron calling for a Pax Mediterranea in light of «an imperial regional power coming back with some kind of fantasies of its own history». Meanwhile, Abu Dhabi and Cairo have been vocal against the illegal Turkey-Libya Memorandum of Understanding on Maritime Borders, which establishes a maritime corridor between the two states by violating, however, Greece and Egypt's Exclusive Economic Zone.

To be credible and effective in the Eastern Mediterranean vis-à-vis Turkey, Member States should agree on a strategy that clearly defines its ends and tools to be employed but is also flexible enough to meet developments on the ground. To that end, the High Representative and Commission's report concerning «instruments and options on how to proceed» would be significant moving forward. Nonetheless, what would be more important is for Member States to match their rhetoric with concrete actions. Consistency is paramount when pursuing a change in policy or when seeking to establish the Union's credibility as a global security provider. The EU is in a very fortunate and unique position to have a lot of assets in its toolbox and leverage over Ankara, ranging from sanctions and other punitive measures to incentives like trade deals, for example.

Despite Member States' limitation in reaching a coherent and effective strategy on how to deal with Ankara's illegal activities in the Eastern Mediterranean, the Union has not been absent or a bystander in the region. In accordance with the EU Global Strategy, EU Member States are becoming more active in the developments taking place in the Union's periphery, resulting in a set of initiatives. For example, in light of the increased arms proliferation and the United Nations' embargo imposed on Libya, the EU established Operation IRINI. To date the mission has investigated 1560 merchant vessels (hailings), conducted 62 friendly approaches (consensual visits on board of merchant vessels) and has made six inspections (boardings) of merchant vessels to verify their cargo and one diversion of a merchant vessel for infringement to the arms embargo. The mission has also assisted the Union in sanctioning three companies – one Turkish, one Kazakh and one Jordanian – for breaching the UN arms embargo.

Eastern Mediterranean states and more precisely their Ministries of Defence have privately suggested beefing up the Operation with the addition of naval vessels. Ideally, capabilities should come from Member States with no shores in the Eastern Mediterranean, thus enhancing, apart from its effectiveness, its credibility too. Except for Germany's Sachsen-class guided-missile frigate, which departed on December 14, only Mediterranean Member States (France, Greece and Italy) have made naval capabilities available to the Operation IRINI, although admittedly Luxemburg and Poland have contributed with aerial
capabilities. Assets from western and northern Europe would signal the Member States' commitment to the cause, while also exposing them to the southern countries' challenges before reaching their doorstep. After all, arms proliferation could have a detrimental effect on the European continent's overall security, should those arms fall in the hands of non-state actors.

Evidently, the EU has taken a number of initiatives in stabilising and securing the region, sealing a deal with Turkey on migration, deploying vessels to deter arms trafficking, while also cooperating with regional states. To effectively deal with the present and emerging threats and challenges, the Union needs to adopt a holistic approach in resolving the regionally economic and security disputes, as issues in the Eastern Mediterranean are interwoven. Seeking to work with regional players and NATO would benefit the Member States, especially in the case of counterterrorism and migration. Eventually, for any policy to be adopted or a strategy to be forged, Member States must, first of all, agree on what constitutes a threat.

In this regard, the Strategic Compass, an intelligence-based «comprehensive, 360 degrees» independent analysis of the full range of threats and challenges the EU currently faces or might face in the near future, would be helpful. The exercise is expected to help build a common understanding vis-à-vis the security challenges and nurture a common European security and defence culture. Reaching an agreement on what are the threats and where they stem from, would enable the EU to define better the necessary means to achieve its Level of Ambition and effectively respond to challenges in its periphery. Therefore, Member States' political will and decisiveness are required for a common and effective security policy in the Eastern Mediterranean and beyond.
Stefan Meister

Strategic Sovereignty in the EU's Southeastern Neighbourhood: The Black Sea as Part of a Larger Geopolitical Region

Geopolitical Relevance

The greater Black Sea-Caspian Sea region has played a secondary role in the strategic debates of the EU regarding security, trade, transport, and energy routes between Asia and Europe. Public attention tends to focus on the Mediterranean and Baltic Sea regions. While the political discussion on the Mediterranean mainly focuses on refugee routes, the Baltic region is increasingly being defined by Russia's military provocations. With eight EU countries bordering the Baltic Sea (Denmark, Germany, Estonia, Finland, Lithuania, Latvia, Poland, and Sweden), it makes sense to concentrate the security policy debate on the Baltic region. At the same time, it is currently unlikely that Russia will intervene in these countries. The Russian leadership does not perceive this region as part of a post-Soviet neighbourhood, but as an area bordering the EU and NATO as well as an important transit area for gas transit to the EU through North Stream 1 & 2.

This is different when it comes to Belarus, which secures Russia's western border with NATO and the Black Sea region. Not only did Russia intervene in Georgia (2008) and Ukraine (2014) but it has been aspiring to strategic dominance in the Black Sea since at least 2014. The States bordering the Black Sea are Bulgaria, Georgia, Romania, Russia, Turkey, and Ukraine. For the EU, this breaks down as two members (RO, BG); an important, albeit problematic economic and security partner (TK); two Eastern Partnership countries (UA, GE) – with whom association and comprehensive free trade agreements were concluded; as well as a geopolitical rival (RU).

Restricting the geopolitical debate «solely» to the Black Sea disregards the larger strategic relevance of this region. Russia and Turkey, being the two key actors in the Black Sea region, can serve as reference points – albeit with different interests. From the Russian perspective, the greater Black-Caspian Sea region is a springboard for projecting power and influence in the Mediterranean, the Middle East, Northern Africa, and Southern Europe. Thus, the Black Sea is the center and access point to key areas with notable security policy challenges (Syria, Iran, Iraq, Libya) as well as to significant energy resources (Middle East, Caspian region, and Northern Africa). Even though the Middle East and Northern Africa are economically and in terms of security policy more relevant for Turkey, Turkey is NATO's most important partner in the Black Sea region. One of Turkey's main strategic goals is to become an energy hub for gas and oil from Azerbaijan, Iran, Iraq, and
in the medium-term, also from Central Asia to Europe. Ankara also perceives itself as a bridge for trade between Central Asia, the Caspian region, and the Middle East.

From the viewpoint of the EU, the Black Sea is mainly a space for trade, economic development (Blue Economy), and commodity transit. Up to now, the key focus of the EU’s policy in the region has been the Black Sea Synergy initiative, a regional cooperation platform that was established in 2007 with Bulgaria's and Romania's accession to the EU. This bottom-up approach, however, was not sufficient for the EU ultimately becoming a relevant actor in the greater Black Sea region. The key challenges in the region are mainly of a security nature, with a Russia focused on military armament and its pivotal role in regional conflicts in Georgia (Abkhazia and South Ossetia), Azerbaijan (Nagorno-Karabakh) and Ukraine (Crimea, Sea of Azov, Donbas).

**Strategic and Security Policy Challenges**

From a European perspective, NATO is the crucial security partner in the Black Sea region. NATO has enhanced its presence in the Black Sea in response to the annexation of Crimea and increasing levels of Russian military activities. *Russia is modernizing its Black Sea Fleet and enhancing its military capabilities on Crimea, thereby challenging NATO and its member, Turkey.* At the same time, Moscow is courting Ankara with energy projects and economic cooperation. The Russian Black Sea Fleet serves as an important supply line for military actions in Syria and Libya. Moscow wants to prevent post-Soviet states like Ukraine and Georgia from becoming members of NATO and the EU. It has developed a significant capacity to undermine the sovereignty of those countries by stoking and instrumentalizing regional conflicts.

Due to limited resources, Vladimir Putin has aligned Russian foreign and security policy to the North-South axis (Arctic-Black-and-Caspian-Seas) as well as the East-West axis (balance between China and the Euro-Atlantic world). Russia is pursuing two key strategies to the post-Soviet space and therefore also to the Black Sea region: «denial and compellence». First, post-Soviet states are denied access to Western institutions and, above all, the USA, NATO, and the EU are denied ability to set the agenda in Russia's spheres of influence. *Second, the states in the region are compelled to accept Russia’s dominance.* With Russia's interventions in Georgia and Ukraine this approach has proven to be successful. The same applies to Armenia and, most recently, Azerbaijan where Russia has deployed troops or «peacekeeping forces». With respect to the goal of controlling the energy transit from this region, this approach has been less successful: Azerbaijan exports oil and gas to the EU through Georgia and Turkey, bypassing Russia.

While Georgia and Ukraine are limited in their sovereignty, Moscow has become more flexible with regards to strategic partnerships with Turkey and Azerbaijan as well as regional cooperation in the Caspian region. In the 1990’s, Azerbaijan anticipated
integration into trans-Atlantic structures. At this time, two pipelines were built bypassing Russia with the support of the USA. After the Russian-Georgian war of 2008, however, it adjusted to a transactional neutrality favored by Moscow. This means that Baku aims at good relations both with Russia and the West and is not forced to choose between the two. When NATO and the EU failed to act in the Russian-Georgian war, the Azerbaijani leadership understood that the West will not provide security guarantees to the countries in the region. As a result, Azerbaijan does not seek NATO (or EU) membership and Moscow, in return, allows Azerbaijan to establish an economic and limited security policy cooperation with third countries such as Turkey or Israel.

At the same time, Russia recognizes the growing strategic significance of Azerbaijan and thus included the country in trilateral formats with Iran and Turkey. Moscow could also accept that during the second Nagorno-Karabakh war in the fall of 2020, Azerbaijan with the support of Turkey, reconquered seven regions around the disputed enclave without intervening. Furthermore, Azerbaijan has become an important link in the North-South Corridor which connects Russia and Iran and, on a larger scale, the Arctic with the Persian Gulf, and the Indian Ocean. Azerbaijan progressed from cooperation with Turkey in the 1990’s - with the goal of containing Russia’s influence in the Black Sea region - to trilateral cooperation with Russia and Turkey which is beneficial to all three parties in the areas of transport and energy.

Energy as a Connecting Element

In the area of energy, Russia’s policy evolved from a mentality of obstruction regarding the division of the Caspian Sea to pragmatic compromises. In the 1990’s, it was primarily the US that played the key role by supporting the construction of the Transcaucasian Oil Pipeline and South Caucasus Gas Pipeline as well as the safeguarding of the energy infrastructure from this region to Europe. By making concessions on the division of the Caspian Sea, Russia seeks to implement an approach whereby the neighbouring states solve their own problems without external actors. In return for non-littoral countries not gaining access to the Sea and not being able to deploy military infrastructure, Moscow has agreed to divide the Caspian Sea into national sectors. Russia has largely dropped its resistance to the construction of Trans-Caspian infrastructure in exchange for acceptance of its military dominance by littoral countries.

The principle of preventing non-littoral countries from establishing military infrastructure in the Caspian region is something that the Russian leadership also wants to implement with respect to the Black Sea. In this regard, Moscow views a close security and economic cooperation with Turkey as an opportunity to curtail the influence, most notably, of the US and NATO. Moscow has no issue with Turkey being a member of NATO as long as it acts neutrally with regards to Russian interests, such as the annexation of Crimea or the de-facto appropriation of Abkhazia and accepts Russian dominance regarding
Nagorno-Karabakh. After an initial hesitant wait-and-see policy, the Kremlin reinforced its dominant role as security actor in the South Caucasus by negotiating a ceasefire between Armenia and Azerbaijan after a 44-day war on Nov. 9th, 2020. In spite of this, the Turkish leadership will try to gain more influence in the South Caucasus through continued support of Baku.

Putin and Erdogan have so far managed to strike compromises despite conflicting interests in Syria and Libya. For Ankara, which finds itself in conflict with the US and the EU, Moscow is a transactional partner with whom interests can be balanced while enhancing their own negotiating position vis-à-vis Washington and Brussels. With the launch of Turkstream at the beginning of January 2021, Russia binds Turkey closer, while Ankara advances its goal of becoming an energy hub for gas to Europe. The combination of Turkstream and North Stream 1 & 2 furthers Moscow's medium-term goal of bypassing Ukraine as a transit country of Russian gas to Europe.

Whereas in the past, Turkey pursued the goal of keeping the US and NATO out of the Black Sea region, it is now interested in a stronger NATO military presence to counter Russia's growing military engagement. According to SIPRI, Russia, under international law, is entitled to no more than 10 percent of the Black Sea coastline. However, it currently controls more than a third of the coast. For Turkey, the prevention of a Kurdish state in the North of Syria necessitates cooperation with Moscow. Not only has Russia sold its S-400 missile defense system to Turkey; the state-owned nuclear energy company, Rosatom, will also build the first Turkish nuclear power plant in Akkuyu. Under pressure from the EU, South Stream was not built. Instead, the terminus of the pipeline was shifted from Bulgaria to Turkey.

Strategic Autonomy in the Black Sea Region?

It is important to broaden the analysis to consider the Black Sea region as part of a larger security and strategic complex. Even though the EU is an important market for energy resources from the region and a significant agent for economic and political development – as well as conflict management – it is essentially irrelevant as an actor in matters of security. Strategic autonomy – in the sense of a «self-determined ability to decide and act» – requires «institutional, political, and material prerequisites to ... independently implement cooperation with third parties ...». Together with Germany and France, through the Normandy Format, the EU has since 2014 played an important role in the Russia-Ukraine conflict. But to date, it has developed neither the ambition nor the institutional and material prerequisites to be a strategic actor in the greater Black Sea-Caspian Sea region. The EU member states do not have the will to meaningfully respond to security challenges in the region – either as the EU or within the context of NATO. The first step towards strategic autonomy would be a robust debate over the strategic significance of the Black
Sea-Caspian Sea region for European security, with a view to the Middle East and the Mediterranean as well as a bridge between Asia and Europe.

Since the 1990’s, Brussels has tried to improve the connectivity of the region with the EU through major infrastructure projects in the context of the Trans-European Networks strategy. At the same time, large infrastructure projects such as the Nabucco gas pipeline failed and geo-economically important projects like the Anaklia Deep Sea Port at the Georgian Black Sea coast did not get the necessary support. A second step, therefore, would be to launch ambitious projects for the construction of infrastructure and transit capacities between the Caspian and Black Seas and Europe. A key component in this is the expansion of infrastructure for alternative energy sources, like wind and solar, which have enormous potential both in Turkey and in the South Caucasus. This would make countries like Turkey, Armenia, and Georgia more independent from gas supplies from Russia and would enable Azerbaijan to diversify its economy away from oil and gas exports.

Significant investments in local infrastructure by the EU and other European funding institutions already go to individual countries in the region without being aggregated into an overall strategic context. Although China – with its Belt-and-Road Initiative – has not yet prioritized this region, the EU will, in the medium-term, need to find answers to China's growing economic influence in the region. As a third step, individual initiatives like the Eastern Partnership (EaP), the Black Sea Synergy initiative, the Central Asia Strategy, the Connectivity Strategy as well as Trans-European Networks should be integrated in an overall strategy for the larger Black-Caspian Sea region. This should include the expansion of railway infrastructure and connection to the European network.

The EU and its member states did not play a role in the negotiation of the ceasefire between Armenia and Azerbaijan in the recent Nagorno-Karabakh war. On the other hand, Russia bypassed the OSCE Minsk Format and – in consultation with Turkey – negotiated the ceasefire with the conflicting parties. The OSCE format, co-chaired by France, Russia, and the US, had been established during the first Nagorno-Karabakh war in the early 1990’s to enable multilateral negotiations between Armenia and Azerbaijan. As a result of their inaction in the 2020 war, the EU and the US have been effectively pushed out of the conflict resolution process. A fourth step would be that the EU – in addition to its important role as donor of dialogue projects in local conflicts – becomes a relevant actor in establishing peace in the conflicts in Ukraine and the South Caucasus. There, it is more invested in multilateral negotiation platforms, including those of the OSCE, and is more willing to deploy peacekeepers to safeguard the ceasefire.

A fifth step would be to foster a European perspective in EaP countries such as Ukraine and Georgia. Along with Moldova, these are key states for the stabilization and development of the EU's Eastern neighbourhood. Beyond increased involvement in the European Green Deal, they should also become accession candidates pending comprehensive reforms. This also applies to Turkey. Although currently politically moving away from the EU, it
remains an important actor as a key state in the greater region. These actions should be accompanied by consultations with Russia - which would be regard the EU more seriously if Brussels would adopt a stronger geopolitical and geo-economic stance. For the EU Commission to just assert that this is a geopolitical Commission is not enough; there must also be the strategic will, concepts and investments to give meaning to this claim.
Jörg Forbrig

Belarus Needs Help: Germany and Europe Lack Solidarity and Strategy for a Democratic Belarus

Since last summer Belarus, the EU's direct neighbour in the East, has seen the gravest political crisis since its independence three decades ago. Having been in power for nearly as long, Belarus' autocratic ruler Alyaksandr Lukashenka faces a nationwide democratic movement that demands his immediate resignation, free and fair elections and fundamental reforms. Clinging to power, Lukashenka categorically rejects these demands, using his security apparatus to brutally suppress critics, and relying on Russia for political, technical and financial support. Nonetheless, countless Belarusians continue to protest against Lukashenka's rule every day, the democratic opposition has formed politically, citizens constantly invent new and creative forms of social resistance, and society provides help to thousands of victims of state repressions. A stalemate has emerged, with the Lukashenka regime and a large part of society irreconcilably opposed, but with neither side able to gain a decisive advantage.

This development came as a surprise to many in Belarus and even more so to foreign observers. For years, Lukashenka's power seemed unshakable. If, within a few months, his rule started to wobble, this is the result of longer-term changes in the relationship between society and the state. Society in Belarus has modernized substantially over the past ten years. A clear Belarusian identity has emerged. Islands of free enterprise have emerged, especially in the IT sector. Mobility, networking and digitization have injected global ideas and discourses into the country, be it gender issues, environmental protection or technology. Civil society and citizen initiatives have mushroomed and the independent cultural scene has experienced a boom.

By contrast, the Belarusian state – and in particular Lukashenka's politics – was increasingly anachronistic, paternalistically seeking to determine the lives of citizens in all respects. After years of stagnation, the state economy has found harder and harder to provide the population with even modest prosperity. The political leadership has only been able to compensate for dwindling support among many Belarusians by suppressing public criticism. Thus, Belarus has increasingly degenerated into a premodern police state facing off against an emancipated and open society.

This conflict has now erupted. Fueled by a deepening economic crisis, Russian threats to Belarusian independence, and obvious state failure in the corona pandemic, the presidential election of August 2020 became a referendum on the future of the Lukashenka regime. Its clear outcome in favor of democratic change in Belarus may be rejected by the current
ruler in Minsk who, with the help of the security apparatus, terror against citizens and support from the Kremlin, remains in place for the time being. Sooner or later, however, this tension between society and the state will have to be resolved if stability, legitimacy and sovereignty are to be returned to Belarus.

In doing so, Europe and Germany have an important role to play. For the EU, the Belarusian crisis is an opportunity to make good on its much-discussed claim of being better able to act in its neighbourhood and of strategic sovereignty on the global stage. At the same time, Germany has a chance to live up to its central role and responsibility in Eastern Europe. However, EU and German responses to the dramatic situation in Belarus have, so far, been sobering. Neither has displayed the solidarity nor strategy needed to really support Belarusian society in its unequal struggle against the Lukashenka regime. Adjustments are urgently needed in at least five areas.

**Political Declarations Are not Enough!**

The reactions of the EU and individual member states, including Germany, to the political crisis in Belarus were ambivalent. In the run-up to the presidential elections, despite an early wave of arrests and state pressure on candidates and voters, there was hardly any criticism from Europe. Only after election day and the brutal crackdown against protesters did political leaders in Brussels, Berlin and other EU capitals issue condemnations. As a result, EU foreign affairs councils and even a summit convened on the situation in Belarus, expressed their support for the democratic movement, denounced the electoral fraud and police violence of the Lukashenka regime, and finally refused to recognize the usurper in Minsk.

It soon became clear how difficult it is for the EU and Germany to go beyond political declarations. At the European level, this was evident in the question of EU sanctions against the Lukashenka regime. Initially, weeks were spent hoping for a dialogue between Lukashenka and the Belarusian democratic movement. Then, the EU switched to a policy of sanctions in the face of ongoing violence by the regime, but it took months to establish necessary unanimity among members. So far, three sanctions packages have imposed entry bans and account freezes against 88 representatives of the Belarusian state apparatus, including Lukashenka. Seven Belarusian companies with ties to Lukashenka have also been sanctioned. How slow and limited these sanctions really are becomes apparent if compared to 2010. At that time, much less pervasive and brutal repressions led to EU sanctions against 170 exponents of the Lukashenka regime within three months.

German politics is similarly toothless. To be sure, Berlin received the Belarusian opposition leader Sviatlana Tsikhanouskaya at the highest political level and expressed its solidarity with Belarusian society. A clear and comprehensive resolution by the German Bundestag
also articulates this, but without anchoring the solidarity package in the federal budget. Without funding, the announced aid will remain on paper, symbolic rather than real.

In contrast, what resolute political action looks like is demonstrated by Eastern EU member states. Lithuania, in particular, plays a leading role here. It has long been an important platform for the Belarusian democratic movement. Just a week after the elections, the parliament in Vilnius called for the non-recognition of Lukashenka. Shortly thereafter, the Lithuanian government provided a home to the leadership of the democratic movement and established a humanitarian corridor, allowing countless civil rights activists to escape persecution. Then, together with its Baltic neighbours and in anticipation of later EU decisions, it introduced sanctions against the Belarusian leadership. Finally, it is the first EU country whose courts investigate and prosecute crimes committed by the Lukashenka regime.

**Lukashenka's Victims Need Help!**

The political crisis in Belarus is a human tragedy. So far, at least four demonstrators have been killed and over 30,000 peaceful protesters arrested, criminal investigations have been launched against 900 critics of Lukashenka, over 150 political prisoners remain in custody, more than 1,100 cases of abuse in police custody have been documented, and at least 14,000 people have fled into political exile. These victims of human rights abuses are in dire need of Europe's humanitarian aid. In addition, support for the Belarusian democratic movement, civil society and independent media is required. A working group of German Belarus experts has estimated the overall aid necessary to mitigate the crisis at around 85 million euros.

To date, emergency aid has been mustered by Belarusian society itself and some EU neighbours. Solidarity funds have been created and are mainly funded by Belarusians. These provide financial support to victims of reprisals and emigres. Lithuania and Poland provide shelter to those fleeing, the Czech Republic and Latvia help with the medical rehabilitation of victims of police violence, and several Eastern EU countries have set up scholarship programs. Smaller EU funds are available for human rights activists and the media. Overall, however, the demand is barely covered by half.

In this situation, it is incomprehensible how little the EU, and especially Germany, do to face this Europe-wide challenge. Brussels has announced additional funds of 24 million euros as part of an «EU4Belarus» program, but these will only be available from mid-2021. So far, Berlin has hardly provided any aid at all. The Federal Foreign Office displays neither the financial means nor the political will nor the necessary knowledge of Belarus to implement the support that has been declared by the Bundestag. The restrictive issuing of visas by the federal government is hardly commensurate with the dramatic situation in
Belarus. In short, Germany has effectively abandoned the courageous citizens of Belarus and their helpful European neighbours.

**Let's Adopt the Democratic Movement!**

The political crisis in Belarus will not be resolved in the short term. Instead, we can expect a protracted stalemate between the illegitimate Lukashenka regime (and its Russian sponsors) and Belarusian society. In this situation, it is necessary to support the long-term consolidation of the democratic movement and to prepare for a future change of power.

This means to support Belarusian society in developing political, media, civil society, cultural and academic platforms abroad that act as alternatives to those controlled by Lukashenka in Belarus. Lithuania and Poland have been doing much in this respect and for many years. They both host and support independent Belarusian media, universities, cultural centers and NGOs. This support has recently intensified. Vilnius has become the capital of the democratic movement, and both countries have welcomed thousands of political refugees. Maintaining and strengthening these émigré structures cannot, however, be the task of Lithuania and Poland alone. Instead, the EU, Germany and other EU members must get more involved.

Moreover, Europe must also reach into Belarusian society more than it has to date. This will be difficult given the restrictions and reprisals by the Lukashenka regime. An important bridge is the Europe-wide diaspora of Belarusians who have engaged impressively in the political crisis. Furthermore, much more flexible funding programs are required to bypass political pressure and state controls in Belarus and to support civil society and independent media. Finally, Europe should be as open as possible to any cross-border exchange with Belarusian society, be it through visa facilitation, scholarship programs or labor mobility. In these respects, too, the EU and Germany must engage much more actively than to date.

**Russia Must be Held Responsible!**

The Belarusian crisis is primarily caused by the internal conflict between society and the state. Still, it is naive to believe that the geopolitical dimension can be ignored. Lukashenko has invoked geopolitics for fear of losing power. His assertion of a «color revolution» in Belarus that is instigated by the West was willingly accepted by Russia and has been the basis for Kremlin support of the Lukashenka regime ever since last summer. Yet the EU and, above all, Germany continue to attempt the impossible: to keep regional geopolitics out of their handling of the Belarusian crisis.
Instead, Europe should hold Russia accountable for what Lukashenka does with its support. Moscow is clearly complicit in the crimes that the leadership in Minsk has committed against the Belarusian people. It can neither have an interest in the alienation of Belarusian society from Russia, nor in the significant deterioration of already strained relations with Europe and the West. Rationally, the Kremlin does not have to fear a democratic change of power in Belarus, given the pervasive dependency of the small neighbour on Russia.

Therefore, the EU and Germany - however hard that may be for the latter - should increase the pressure on Moscow to withdraw its support for Lukashenka, promote internal dialogue in Belarus and facilitate a peaceful power transition. Ultimately, sanctions against Russia, including those against the Nordstream 2 pipeline, should be part of the repertoire, if the Kremlin refuses to exert a constructive influence on Belarus. In the absence of decisive disincentives, Russia will once again find that it can shape the future of its direct neighbours as it sees fit.

Belarus Deserves a Future!

Europe and Germany must also, finally, help Belarus to gain a positive future perspective. The Lukashenka regime failed to use the considerable economic potential of Belarus, its strategic position between East and West, its rich cultural heritage and good relations with all neighbours to set the country on the course of development. Certainly, it is primarily on the Belarusian democracy movement to provide such direction, but the support of the EU and individual member states will be important.

On the one hand, a comprehensive political, economic and social reform program is needed, one that is informed by the experience from those neighbours of Belarus who have successfully transformed themselves. Secondly, more intensive exchanges between Belarusian society and the EU beyond the immediate neighbours are necessary. Belarus must have the feeling of being welcomed and recognized in Europe. Finally, Belarus will require macroeconomic stabilization, which the EU should condition on democratic reforms and generously provide for.

In the long run, formal relations between Belarus and the EU will have to be reorganized. Under the Lukashenka regime, these were reduced to a minimum, without any basic contractual framework. Democratic change would open up completely new possibilities. The EU should offer anything up to and including an association agreement. That said, given the close Belarus-Russia partnership, an enhanced partnership agreement is likely more realistic.

Across these five areas, there is a clear need for action on the part of the EU and, above all, Germany. Whether towards Belarusian society, the democracy movement and the
Lukashenka regime or its influential neighbour Russia, EU and German policies have so far been far too timid, fragmented and reactive. A real Belarus policy needs to combine all the above levels of action. Aid already provided by individual EU members must be coordinated more closely and, where necessary, complemented by the EU and Germany. Forward-planning is necessary for the likely long haul of the crisis in Belarus. Pressure on Minsk and on its sponsors in Moscow must be increased. And the EU needs to send clear signals on the future of Belarus in Europe.

Only then will Europe's approach to Belarus be in true solidarity and strategic. The democratic movement in the country deserves nothing less.
Yauheni Preiherman

The Belarus Test for the «Geopolitical» EU: A View from Minsk

Six months have passed since an unprecedented political crisis broke out in Belarus. In August and September 2020, the country saw the largest and most dramatic protests in its sovereign history. Against that backdrop, numerous observers jumped to the conclusion that the days of the authoritarian ruler Alexander Lukashenko were numbered. Some countries, including EU Member States, refused to recognise him as the legitimate leader of Belarus and called for a new election.

However, half-a-year later Lukashenko continues to control the country. Unless something unexpected happens in the months to come, protest activities are unlikely to reach again the level and intensity they had in 2020. Yet, sporadic public manifestations of protest and targeted government repressions in response will continue to sustain tensions. For Belarus, this has established a new quality of societal life, which has aggravated pre-existing splits and created new ones. In a longer term, unless some national consensus is found, these deepening splits in society might destroy Belarus's sovereignty from within.

Besides the Belarusians themselves, the crisis also creates obvious challenges and risks for Belarus's neighbours, including in the security realm. For the EU, the Belarus case tells a lot not only in terms of its bilateral relations with Minsk or ability to defend democratic values, but even more so in terms of the EU's recently proclaimed ambition to become a geopolitical actor. Hence, Brussels and other European capitals would do well to recognise painful truths, which explain their consistent failures in Belarus, and to understand the broader implications of these truths for the EU's foreign policy.

What Does it Take to be Geopolitical in Today's World?

Before discussing those truths, a few words about the EU's geopolitical ambitions will help to set an overall framework. Only recently, the term «geopolitics» seemed to be a taboo in the EU. Officials and pundits alike would claim that the EU does not do geopolitics and that the very concept was outdated. Therefore, President von der Leyen's announcement that her Commission would strive to be «geopolitical» invited numerous questions about the meaning of such a geopolitical turn and whether the EU is actually capable of becoming a geopolitical actor.

While EU institutions are still to offer their own vision for a geopolitical EU, two aspects appear evident. Firstly, by dropping its previously held views about geopolitics the EU is reacting (unwillingly) to ongoing structural transformations in the system of international
relations, which no longer can be ignored. The world is clearly becoming less cooperative, more brutal, transactional and trickier as great power rivalry is back as a defining characteristic of international politics. This is a qualitatively different reality compared to the benign post-Cold War liberal international order and there are no reasons to expect that the latter will simply restore itself after a short period of turbulence.

Hence, secondly, under such transformational circumstances the EU's ambition to «learn to use the language of power» requires that the Union be serious about expanding its international leverage with a view to becoming an indispensable actor at least in its neighbourhood. In other words, to be able to use the language of power the EU needs to matter internationally to a degree that other actors cannot ignore what Brussels thinks and wants.

Irrelevance and Lack of Leverage

The Belarus case points to a problem the EU has when it comes to leverage, relevance and powers to promote its interests and values even in the immediate neighbourhood (the 2020 war in Nagorno Karabakh is another recent manifestation of the problem).

The EU started issuing various statements on the deteriorating situation in Belarus already in the initial weeks of the 2020 presidential campaign – when it saw the first signs of election irregularities. Some EU diplomats take great pride in this fact, adding that Brussels also managed to produce a declaration by the High Representative less than 48 hours after the election day and adopt conclusions on Belarus by the President of the European Council a week later. In their opinion, all that demonstrated diplomatic resolve and efficiency and showed the EU's interest in Belarus. Indeed, August is a holiday season in Europe and such quick reactions do amount to bureaucratic prolificacy. Yet, looking beyond the bureaucratic logic there is hardly anything Brussels can be proud of.

All the numerous EU statements and declarations have been simply ignored by the Lukashenko government. The EU's demands have had zero effect: state repressions have only intensified; the number of political prisoners continues to grow and the prospects for a national dialogue are now worse than before last summer. The sanctions, which the EU started to introduce in October, are having the very same effect (zero!) and are only aggravating the situation on the ground (see below).

Thus, if the Belarus case tells us anything about the EU as a geopolitical actor it is the story of lacking leverage and irrelevance. For analysts of EU-Belarus relations this is hardly any surprise. In 2014-2020, the relations witnessed the most significant rapprochement since the mid-1990s, and during that period the EU had a good opportunity to strengthen its leverage vis-à-vis Belarus and become an actor that matters. Brussels wasted the opportunity.
In the past years, Minsk reiterated on numerous occasions its interest in deepening relations with the EU. In particular, it offered to start talks on a framework agreement, as until this day Belarus-EU relations are regulated by the 1989 agreement between the USSR and the European Economic Community. Minsk desired to diversify its foreign economic relations and to lessen economic dependence on Russia by expanding cooperation with the EU. Needless to say, that had such plans materialised Minsk would have become more dependent on the EU, which would have created leverage for the latter.

However, instead of working towards those ends, EU officials preferred to put out all sorts of preconditions for starting negotiations. For instance, they issued dozens of statements demanding that Minsk introduce a moratorium on the death penalty or otherwise no substantive talks on broadening economic relations would be possible. As a result, after years of lost opportunities the death penalty is still there and the EU's leverage vis-à-vis Belarus remains miniscule, if any at all.

The Russian Factor

Thus, it is only natural that Russia remains the only game in town in Belarus. European diplomats and pundits are actively discussing, both publicly and privately, the dilemmas Russia faces in Belarus and some even find consolation in the fact that Moscow does not have easy options when dealing with Lukashenko. As true as it is, these discussions only emphasise the EU's own lack of leverage. Hence, the EU has nothing else to do but to appeal to Russia for understanding and hope that the Kremlin will hear its arguments about the importance of free and fair elections in Belarus. Indicative of this were several conversations EU leaders had with Vladimir Putin in the immediate aftermath of the Belarusian presidential elections. But to no avail.

Moscow has its own reasons to continue supporting Lukashenko under current circumstances. In a nutshell, Russia cannot accept the very possibility that post-Soviet leaders get toppled by what it considers Western-inspired «colour revolutions». And there is no point in trying to convince the Russian leadership otherwise. Moreover, all tensions with Lukashenko notwithstanding, Moscow knows him well, whereas it sees current opposition leaders as either anti-Russian or simply unpredictable. Given Belarus's geostrategic significance for Russia, Moscow concludes that a bird in the hand is worth two in the bush. This position will not change, and the EU can do nothing about it.

Learning Unpleasant Lessons

This is a grim picture for the EU, even though Belarus constitutes just one case in the Eastern neighbourhood and on others the EU's track-record might look better. Yet, the EU would do well to recognise that its lack of leverage and political irrelevance in the context
of the Belarus crisis poses a significant challenge for its geopolitical ambitions, not just for bilateral relations with Minsk. Therefore, learning unpleasant lessons from dealing with Belarus will also help the EU to assert itself as a geopolitical actor.

First of all, the EU should learn to avoid «default» policies from its traditional playbook if they consistently fail to deliver intended results, even if they are popular with the public. In the Belarusian case, these are sanctions.

After many years of EU sanctions against Belarus we have abundant empirical evidence and academic research showing that sanctions do not work. Namely, they fail to deter repressive behaviour and to force the regime to roll back previously made repressive decisions. If anything, sanctions have had the opposite effect in Belarus. The Lukashenko government retaliates to each new episode of sanctions by increasing repressions and by further restricting the EU’s presence on the ground, which further erodes the EU’s relevance in the country. Also, in contrast to intuitive expectations, sanctions ensure that political prisoners remain behind bars longer than what could be the case otherwise: again, we know that from the past.

Many EU officials admit that sanctions perform a symbolic function only. As a senior diplomat from a Member State put it in a private conversation with the author, «if we do not introduce sanctions against the Lukashenko regime now, we will look like idiots in the eyes of our publics.» This is a fair point, as EU officials represent the will and values of the Europeans. Yet, it might be helpful to ask a more strategic question: if the EU keeps applying instruments that clearly do not work what will its foreign policy ultimately look like in the eyes of the Europeans and other nations?

Secondly, the EU should learn to formulate foreign policy goals that are consistent with its geopolitical powers today and help to expand them in the future. This involves the need to identify rationally immediate and longer-term foreign policy priorities and available resources for achieving them.

In the Belarus crisis, the EU, thus, needs to recognise its current lack of political relevance and reasons that have led to it. It should also admit that without leverage its multiple statements and declarations are useless and, therefore, now Brussels should rather focus on the most critical and attainable goals:

– Offering humanitarian aid to those who have suffered from repressions;
– Avoiding a geopolitical confrontation with Moscow because of Belarus;
– Reducing military risks in the Baltic Sea region, which have grown in light of the Belarus crisis;
– Helping to lower the levels of violence in Belarus through backchannel diplomacy, which the EU has already used in the past to deal with Lukashenko in crisis situations.
(e.g. the missions of former High Representative Javier Solana and former Bulgarian Foreign Minister Nickolay Mladenov).

The EU’s longer-term thinking should be guided by the need to start gaining serious leverage vis-à-vis Belarus or otherwise «a geopolitical EU» will remain a dream.

Finally, the EU should also think carefully about the «face» of its foreign policy in the east. Poland and Lithuania have taken the lead in shaping the EU’s reactions to the Belarus crisis. This is natural due to geography, which predetermines the primary interest of these Member States in Belarusian affairs. Yet, it is exactly Poland and Lithuania that are seen with utmost scepticism and distrust both in Minsk and Moscow. Therefore, having Warsaw and Vilnius lead on the Belarus file is not the most prudent approach the EU could take. Instead, the EU should think about balancing Polish and Lithuanian activeness with Berlin’s larger credibility in the eyes of the EU’s difficult partners in the east.
PART III

GEO-ECONOMICS AND SANCTIONS
Roderick Kefferpütz

Where is Europe's Place in the New Age of Geo-economics?

«It's the economy, stupid!» This infamous phrase also holds true for international relations. Over the years, the spheres of security and economy have become increasingly interlinked. It is the world economy, which has become the central battleground for hegemonic rivalry between Washington and Beijing. Several factors have led to this development, first and foremost the economic rise of China.

The People's Republic has become an economic magnet slowly displacing the United States. **While in the 1980s China's share of world trade amounted to a meagre one per cent, that figure has risen to about 13 per cent.** For more than 130 countries in the world it is the most important trading partner. Numerous trade deals and its Belt and Road Initiative (BRI) are cementing this situation, contributing to the establishment of a Chinese sphere of economic influence. The COVID-19 pandemic is also likely to accelerate this trend as China's economy is boasting positive growth rates, while Western nations are stuck in a lockdown-induced economic recession. Beijing knows that it is currently unlikely to displace the US (geo)politically, hence it aims to displace the US economically and translate economic influence into geopolitical leverage. This policy of «buying friends» was **already advocated in 2015 by Yan Xuetong**, one of China's most influential analysts on international relations.

China's economic rise is also leading to technological progress. Beijing is massively investing in key technologies ranging from artificial intelligence to quantum computing. The aim is to move up the value chain and dominate the industries of the future, the very areas where the United States and Europe derive their economic competitiveness from.

China is making a run for the commanding heights of the world economy, giving it political leverage. This is a challenge to the West and particularly the United States, who have thus far dominated the existing economic order. Ideologically, it is also a challenge between two different systems of political economy – the Chinese authoritarian state capitalist system on one hand and the Western liberal democratic free market economy on the other.

Second – on a fundamental level – economic strength is the basis of military strength. It was America's economic and technological superiority that gave the country an edge in the Cold War with the Soviet Union. China's Xi Jinping knows that and wants to ensure economic and innovation leadership, also to increase Beijing's military advancement. China is actively encouraging civil-military dual-use technologies and translating its economic power into military capabilities.
Last but not least, due to globalization, the nature of geopolitical confrontation has changed. The Cold War was defined by an isolated, binary bloc confrontation between the United States and the Soviet Union. In the 21st century, where interdependence is the defining feature, such a confrontation is less feasible. In this networked world order where countries are interconnected economically, technologically, socially, ecologically, and politically, it is difficult to wage a grand, open Manichean conflict; it is hard boxing, when you're in a clinch with your opponent.

In such a situation, hegemonic struggle becomes less a direct contact confrontation via proxy wars and more an indirect, fluid game of strategic networking with the aim of expanding one's connections, creating orders in economic, digital and political spheres, and shutting out adversaries.

This approach, chosen by both the United States and China, is playing out in numerous spheres.

Within the trade realm, the initial Trans-Pacific Partnership (TPP) was a US attempt to exclude China from an Asian free trade zone. However, Trump's withdrawal from the TPP torpedoed this initiative. China has grabbed this opportunity, flipping the table with the Regional Comprehensive Economic Partnership (RCEP), creating its own Asian free trade zone without US participation.

With regards to technology, the export controls that Washington has enacted against Beijing, for example in the case of critical semiconductors, are designed to shut China out of supply chains necessary for its technological advancement and economic prosperity. The People's Republic has in turn reacted by advancing a policy of indigenous technological development and building up a homegrown semiconductor industry.

In the digital sphere, China is promoting its model of digital authoritarianism abroad, particularly amongst developing countries, while Washington has been adamant that allies should ban Huawei from their 5G networks, fearing that China might otherwise gain open access for espionage and sabotage, which could effectively move those countries into a Chinese digital sphere of influence. Eric Schmidt, CEO of Google, has predicted a scenario where the world will see a Chinese-led internet and a non-Chinese internet led by America.

And when it comes to finance, the US has used the dollar as a weapon against Iran, shutting Tehran out of the world's most important financial network, and barred Americans from investing in companies with links to the Chinese military, leading to several de-listings among the New York Stock Exchange. China's response is to boost its own currency in the world. Major-General Qiao Liang from the People's Liberation Army noted in a speech that China «should promote the Renminbi to be the primary currency of Asia, just as the US dollar first became the currency of North America and then the currency of the world.»
Trade wars, tech wars, and finance wars – this is what the father of geoconomics, Edward Luttwak, called «the logic of conflict, translated in the grammar of commerce». Connectivity is power, interdependence can be weaponized and the state with the most effective connections, able to exclude others, will be the central mover and shaker.

In such a new age of geo-economics, the European Union should be in a favorable position. After all, the EU is by nature a connectivity power, consisting of a network of 27 Member States. It has a large economic market, a shared currency and a common research area. This also gives it global regulatory influence. When the EU enacts new legislation, such as the General Data Protection Regulation (GDPR) or – most recently – the Digital Services Act, companies need to adhere to these standards in order to continue doing business in Europe, and other countries oftentimes follow suit with similar legislation.

Yet, the European Union, and in particular Germany, are playing a one-sided geo-economics game, where they are mostly adapting to geopolitics to defend economic interests rather than using economic means to advance a geopolitical agenda as the US and China are doing.

That’s because Brussels and Berlin are primarily economic, not geopolitical, actors. The US security umbrella gave Germany the freedom to focus exclusively on advancing its commercial interests like an enlarged Switzerland. A hardnosed commercial realpolitik was pursued, which generally placed the country’s economic interests over all other interests.

The EU, on the other hand, finds it difficult to achieve agreement amongst its 27 Member States on geopolitical goals. Some want a reset with Russia, others don’t. Some are friendly towards China, others wary. In such a situation, it is difficult to pursue economic means to achieve geopolitical ends. After all, what are the EU’s geopolitical interests? Calling yourself a «geopolitical Commission» as President Ursula von der Leyen has done sounds good on paper, but needs to be filled with life. Without an agreement on geopolitical interests and goals, Europe is unable to fully engage in geo-economics. Hence for Brussels, geo-economics is less the use of economic means to achieve geopolitical ends and more adapting to geopolitics to defend economic interests. The EU’s Strategic Foresight Report speaks volumes in this regard, focusing exclusively on the protection of «economic sovereignty» in a geopolitical environment, rather than considering how economics can also advance geopolitical interests.

The EU’s geo-economic policies are therefore mostly defensive in nature. The EU has tightened its foreign investment screening mechanisms to protect critical EU companies and technologies from hostile takeovers. Its blocking statute and INSTEX, the special-purpose vehicle set up to facilitate non-US Dollar and non-SWIFT transactions with Iran, are designed to facilitate EU business with Iran; the idea that it would salvage the Iran deal was always rather illusory.
The EU’s political conclusion with China on a Comprehensive Agreement on Investment (CAI), rushed through by Germany during the Christmas holiday, is also a case in point.

The deal might arguably be an economic win for the EU, but it’s not a geopolitical one – unless one would define the EU’s geopolitical interests to be closer alignment to authoritarian China, which would be more than questionable. This stands in stark contrast to China, where the economic deal is handing Beijing an important geopolitical victory in its competition with the US. It decreases the chances of a common transatlantic front against China, which the incoming Biden administration had offered Brussels. CAI is Chinese geo-economics par excellence – using the attraction of its giant economic market to shape geopolitical realities.

One of the few geo-economic policies that could be offensive and allow the EU to increase its geopolitical influence abroad, pushing back against China’s Belt and Road strategy, would be the EU’s Connectivity Strategy. Reinhard Bütikofer, Chair of the European Parliament’s China Delegation and Rapporteur for the EU’s report on the strategy, however, has argued that the strategy has been little more than a paper tiger to date, with few EU decision-makers paying any attention to it, leading to the result that it has not been included in the Commission’s Work Program for 2021.

Europe needs to ask itself what place it wants to take in this new geo-economic world. Is it content with a purely defensive strategy that only defends economic interests, or should it also employ economic means to advance geopolitical interests?

Playing a purely defensive game in today’s geo-economic age seems insufficient. It would allow other actors, particularly China, to extend its influence in the world, as indeed Beijing is already doing in many regions surrounding Europe. This surely cannot be in the interests of the EU. In this context, if the European Commission wants to lend credence to its claim that it is a «geopolitical Commission», it would be well-advised to update its foreign and security policies and strategize how economic means could contribute to them.
The EU and the Strategic Use of Sanctions as a Geo-economic Tool?

The announcement by European Commission President Ursula von der Leyen that hers was going to be a «geopolitical» Commission and the accompanying statement by High Representative Josep Borrell, her team’s foreign policy chief, that Europe needed to learn the «language of power» have generated curiosity on the prospective role of the EU in global geo-economics. Here, the use of economic sanctions is a central element, for they feature the essential components of any geo-economic tool: they entail the alteration of economic flows in order to advance political objectives.

The EU has been issuing sanctions for decades. A comparison of its sanctions practice with those of the U.S., the world’s principal sanctions sender, and the United Nations Security Council, shows that Brussels is more active than New York, and almost as prolific in establishing sanctions regimes as Washington.\(^1\) The EU is by far the regional organisation that imposes sanctions with the highest frequency. Intuitively, the EU’s status as the world’s biggest market would seem to imply that its sanctions are impactful geo-economic tools. As an Asian journalist once adventured in her response to a survey: «I think their economic sanctions could have a lot of power.»\(^2\) In reality, they rarely do. The reasons are twofold: Firstly, European sanctions are seldom economic, and secondly and most centrally, they are rarely employed as instruments of power.

Sanctions under the EU’s Common Foreign and Security Policy (CFSP) are predominantly non-economic in nature because Brussels prefers tailoring sanctions to individuals and the elites that support them. The rationale for this approach is that measures should target those responsible for the condemned policy, sparing the population as a whole – it is called «targeted sanctions». Thus, most sanctions consist of visa bans and asset freezes of designated individuals.\(^3\) The same rationale prevents the EU from imposing far-reaching measures that would affect the economy as a whole and produce humanitarian consequences, an impact the EU does not want to be responsible for. When restrictions are agreed, they are invariably accompanied by humanitarian exemptions. At the same time, the self-restraint

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2 Quote from: Clara Portela. «The EU, Human Rights and Burma/Myanmar: Stakeholders’ Perceptions in South East Asia.» In Europe and Asia: Perceptions from Afar, Martin Holland/Natalia Chaban (eds), 2014, Nomos: Baden-Baden, p. 45.
exercised by the EU in limiting the scope of its economic measures ensures that impacts on its own firms remain moderate: Some of them might lose significant trade, but very few will go out of business.

Most centrally, Brussels does not use its sanctions as instruments of power. They are certainly geared at influencing foreign leaders and global events. However, they often respond to the promotion of human rights and democracy, typically in reaction to situations of democratic backsliding. Some sanctions address violent conflict when the UN Security Council is prevented from acting. They are also meant to deter certain practices and forms of behaviour in international life. Importantly, the enactment of sanctions serves the purpose of positioning the EU on the side of its allies in international disputes. In addition, the EU supplements sanctions wielded by the UN Security Council, in particular to stem terrorism or the proliferation of weapons of mass destruction.

Does the new discourse on a geopolitical Commission and its (re-)learning of the «language of power» herald a reorientation of the use of CFSP sanctions? Can sanctions become a geo-economic instrument in the EU’s toolbox? There are signs that the EU is already moving towards a more strategic use of its sanctions policy – or at least, one that approximates its employment as a geo-economic tool. In addition to supporting the sovereignty of post-Soviet states in the face of separatism and foreign encroachment, as it did in Moldova in the 2000s and in Ukraine in 2014, the EU is increasingly moving towards wielding sanctions in support of its own sovereignty. This is most obvious in the approval of its sanctions regime on Turkey, which addresses drilling activities off the coast of one of its member states, Cyprus, affecting waters under its jurisdiction. This new emphasis is also visible in the adoption of horizontal sanctions regimes, a recent trend in the CFSP. In contrast to sanctions regimes focusing on a crisis taking place in specific locations, such as the ongoing crisis in Belarus, horizontal sanctions regimes, like the anti-terrorism list are thematic. With the enactment of sanctions against cyber-attacks and the use of chemical weapons, the EU reacted to attacks taking place in their territories or virtual spaces, while leaving open the option of addressing similar malicious actions elsewhere. From this shift in focus from promoting democracy externally to protecting the homeland(s), it is visible that a strategic turn is already underway.

Even more evident are recent moves within the EU institutional machinery. In 2019, the sanctions unit at European External Action Service (EEAS), which used to be under the Directorate for Security Policy and Conflict Prevention, moved up the organigram to report directly to the Secretary General. For its part, the Commission placed its own sanctions in its DG for Financial Stability (FISMA). As recently as in January 2021, the Commission released a communication on fostering European economic and financial resilience launching measures to strengthen implementation and enforcement of EU sanctions. All this suggests that the EU is not just set to continue applying sanctions, but that it will become more vocal and serious about it. One should remember that, until just a few years ago, the EU did not even employ the term «sanctions», referring to «restrictive measures» instead.
However, part of the answer to our question resides in the transatlantic dimension, which is key to EU sanctions policy. Sanctions constitute a privileged area of transatlantic cooperation: seldom has Brussels imposed sanctions on targets that were not concurrently on a US blacklist. More often than not, Washington takes the initiative. Even though the transatlantic partners often diverge in the nature of the measures and the number of blacklist entries, they often concur in the identification of situations to subject to sanctions, and in the reasons that motivate them. The alignment of its autonomous measures with those of the US allows the EU to position itself as a close ally of the US in international crises around the world. Transatlantic cooperation on sanctions has been subject to a stress test on multiple accounts: Importantly, the extraterritorial effects of US sanctions compel the private sector to comply with US sanctions even if they are not obliged to do so. We are also witnessing increasing divergence about Russia. The disagreement over Iran, in whose context Brussels openly opposed Washington’s withdrawal from the JCPOA, was major. And the US ‹maximum pressure› campaign amounts to a return to comprehensive sanctions which departs from the European approach of enacting narrow, personalised sanctions targeted at specific elites, and threatens the implementation of humanitarian exemptions which are dear to the EU. Still, during the presidential term of Donald Trump, the reflex of coordination did not subside. Alignment continued, and even deepened: the EU now has sanctions on two Latin American targets, Nicaragua and Venezuela, and has recently enacted a human rights sanctions regime modelled on the US «Global Magnitsky» Act.

The place that the new US administration reserves for Europe in its sanctions policy will bear important implication for EU sanctions policy. A US administration that consults on sanctions policies with European allies and, most importantly, that limits the
extraterritorial effects on Europe will allow transatlantic co-operation to flourish. By contrast, a US administration that continues its predecessor's course will encounter an increasingly cautious EU. If Brussels continues to find itself at the receiving end of US sanctions, it will become less accommodating – if not more «transactional» – when Washington encourages alignment with its sanctions. After all, sanctions entail costs for all parties involved, not least for leaders who need to explain to their constituencies why they align with sanctions by the same foreign power that targets them.
PART IV

EUROPEAN DIGITAL SOVEREIGNTY
Digital Sovereignty – The EU in a Contest for Influence and Leadership

The European Union has become a trendsetter in digital policymaking over the last few years. With the General Data Protection Regulation (GDPR), for example, the EU has raised privacy standards globally. Furthermore, it has ordered antitrust fines on tech companies, such as Apple and Google, and is shaping the debate on ethical artificial intelligence. However, there is increasing concern that people and businesses in the EU are losing control over their data and that the EU is struggling to enforce legislation in the digital environment. This has led to a debate regarding Europe's place in the digital order and the terms of ‘European digital sovereignty’ or ‘strategic autonomy’. The concept of digital sovereignty is popular because many political groups can relate to it to their own viewpoint; depending on whom you ask, it means something very different. It is helpful to take a close look at different dimensions and factors shaping the current debate on digital sovereignty.

Between Chinese techno-authoritarianism and the U.S. model of surveillance capitalism, a notion coined by the American author and Harvard professor Shoshana Zuboff, meaning an economic system centred around the commodification of personal data with the purpose of profit-making, the EU is searching for greater digital independence. As such, the European third way to shape the digital ecosystem seems to be by exercising its regulatory power. The move in political discussions towards a greater European digital sovereignty can also be understood as a response to the digital structural change of the last years with ever-faster computing capacities, the increased spread of cloud computing, or more and more services tailored to the individual.

Most recently, lockdowns during the Covid-19 pandemic have demonstrated that many EU Member States could be better positioned in terms of digital infrastructure e.g. regarding the uneven expansion of broadband or the offer of digital education. The necessary mobility restrictions imposed upon people during the pandemic have been a catalyst for digital infrastructure development, and the pandemic has revealed the importance of telecoms infrastructure to European citizens.

Digital Sovereignty Focusing on People

According to the German Chancellor Angela Merkel, digital sovereignty does not mean protectionism but ‘describes the ability both of individuals and of society to shape the digital transformation in a self-determined way’. She underlines ‘that technological innovation has to be in the service of humanity, not the other way around [and that] commitment to a shared, free, open and secure global internet is in fact an expression of
sovereignty. Merkel gives the concept of digital sovereignty a human dimension, pointing out that the internet cannot and must not be shaped by states and governments alone, as it affects all of us and therefore people must be involved and have control over their data.

In this understanding, the individual is elevated to the status of a sovereign, and democratic control by the individual is in opposition to the concentration of power, be it by governments or companies. The higher the individual's digital competence, the more he or she can contribute to his or her own informational self-determination, which is a prerequisite for people helping to shape the digital realm.

The power of the individual or in other words European consumer power is a factor not to be underestimated. Big tech companies do not want to renounce the nearly half a billion Europeans as consumers. Europe's technological interdependence with China, where European companies are strongly embedded into value chains, equally plays a crucial role. (Read more on China: Trust, 5G, and the coronavirus factor by ECFR's Janka Oertel.) This market power alone gives the EU leverage to shape the digital future.

Digital Sovereignty as Standard Industrial Policy

Digital sovereignty also has an industrial policy dimension, as described in the last State of the Union Address by EU Commission President Ursula von der Leyen. Europe is in the middle of a contest for influence and leadership when it comes to tech and its regulation. Von der Leyen referred to the coming decade of 2020 to 2030 as Europe's Digital Decade and claimed leadership on digital issues; otherwise, she argued, others will set the standards and Europe will only be able to follow. There is a fear of the economic and social influence of non-EU tech companies, threatening EU citizens' control over their personal data, and being too dependent on foreign tech constrains the growth of EU tech companies. This is why 20 percent of NextGenerationEU, the Covid-19 recovery fund of 750 billion euros, will be spent on digital transformation.

The goals of the outgoing German Council Presidency were to help Europe remain competitive and become more independent of the USA and China. At the operating system level of technology, the U.S. is the undisputed leader. At the level of network technology the EU still has important players such as Nokia or Ericsson; however, China is catching up massively. In emerging technologies – like quantum computing or artificial intelligence – the EU is lagging behind the U.S and China, but it still harbours the ambition to become a pioneer in these fields.

In the short term, Europe will probably not be able to make up for the technological lead of the U.S. or China. Nonetheless, the EU’s long-term budget, coupled with NextGenerationEU, the largest stimulus package ever financed through the EU budget, is a historic
opportunity to build an up-to-date digital infrastructure and bring the European industrial and research landscape to a new level.

Geopolitics and Digital Sovereignty

The conversation about digital sovereignty also has a geopolitical dimension. The dependence on the U.S. and China for digital technologies has not been perceived as a problem for a long time in Europe. During the Trump administration, however, the relationship between the U.S. and China has become tenser and Europe risks being caught up in the middle.

The revelations of Edward Snowden in 2013, the Cambridge Analytica data scandal, and the disinformation campaign leading to the 2016 Brexit referendum, have all demonstrated that the EU should have legitimate concerns about foreign actors and companies controlling and abusing personal data. The debate on the roll-out of 5G telecommunication networks, where Chinese companies dominate the market, has ignited a debate concerning national security in the U.S. and the EU. The European market for telecom infrastructure has been dominated by European suppliers up to recently; it is now dominated by Chinese companies, making the EU particularly reliant on them and creating serious risks for critical infrastructure in the EU. This makes the EU on a political level as well as on a technological level vulnerable to and dependent on China.

In the American context however, the laissez-faire approach by Silicon Valley corporations is now being questioned. We can witness a change in the debate over a data protection law at the federal level. The state of California for example has already modelled its own privacy legislation (California Consumer Privacy Act) on the GDPR. Slowly but surely the understanding is gaining ground that self-regulation and voluntary commitments on data protection by companies are not enough in many areas.

While the EU’s GDPR raised the bar for data protection standards worldwide, the EU’s ability to enforce such laws is still lagging behind. Companies such as Google and Facebook benefit from the fact that their services appear to have no alternative, and their competitive advantage lies in violating European laws like GDPR and getting away with it.

Caught in the Middle or a Digital ‘Third Way’?

Rather than being a tech superpower, the EU has proven that it is a regulatory superpower. Even if democratic negotiation processes are tough and lengthy, the constant negotiation of common values, the complexity of political processes and the multilingualism of the EU democracy are not obstacles, but strengths.
A European digital «third way» should focus on civil rights and self-determination rather than the choice between the U.S. and the Chinese approach to technology; it is possible to shape rules for the digital environment without striving for complete autonomy from both powers. The recently introduced Digital Services Act (DSA), the Digital Markets Act (DMA), the European Democracy Action Plan as well as the Data Governance Act offer a great opportunity to establish rules for the digital space, where people are able to act independently and in accordance with democratic values. According to the Green Member of the European Parliament Alexandra Geese, the DSA and the DMA «have the potential to become a new fundamental law for online platforms». The riots in the United States capitol have demonstrated that the influence of online platforms is a global matter of urgency. Without clear rules and democratic safeguards, the dangers posed by online platforms will put our democracies at risk. Better platform regulation, political education, digital literacy and support for independent journalism are important pillars that contribute to a healthy democracy and a healthy online ecosystem.

The future of an open, democratic, and international digital sphere depends on democratic players such as the EU and the U.S. working out their differences when it comes to intelligence services, open trade, and defending fundamental rights. They must agree on a set of values that includes freedom, democracy, equality, pluralism, non-discrimination and tolerance to shape global standards. A democratic coalition in the digital sphere, rather than a quest for strategic autonomy or digital sovereignty, is the way forward for all democratic countries.
Sabine Muscat

A Democratic Counteroffer to China's Digital Power[1]

In dealing with China as a digital superpower, the European Union and the United States share a range of values and interests, but they start from very different places. For the US, China's growing geostrategic and technological power poses a direct strategic threat. While European policymakers, business leaders and the public increasingly share the perception of a systemic rivalry between liberal democracies and China's techno-authoritarian state, the fear of losing access to China's market is still a more powerful motivator for the EU and its member states, especially Germany, than the US fear of a potential confrontation – militarily or in cyberspace.

There is growing transatlantic agreement on the national security risks of letting companies from a state-run economy build our critical infrastructure or of increasing our vulnerability to unwanted technology transfer by integrating our companies into China's digital ecosystem. Let alone the moral issues around exporting products that could be used for domestic surveillance purposes in China or of integrating our companies into supply chains that include forced labor.

Yet when it comes to data protection or fair competition in the digital economy, Europeans don't trust Facebook any more than TikTok. Europe's assertion of its «digital sovereignty,» exemplified by the Gaia-X project to build a European framework for governing clouds, is a testament to the mistrust of US surveillance and lack of data privacy protections.

Navigating these differences seems over-ambitious within the confines of a narrowly defined transatlantic project. The answer to the question how the EU and the US should deal with China in the digital sphere, to some extent, lies in taking China out of the equation – and instead building new partnerships with the goal to create a joint vision of the digital world we want to live in as democratic societies. Rather than focus on countering China, we should craft a global democratic digital agenda.

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[1] This article was inspired by discussions during the workshop «Elements of a New Transatlanticism» at the Heinrich Böll Foundation's 21st Foreign Policy Conference on January 28, 2021. This article was also published by the Green Journal European Journal on 15 March 2021.
Collaboration on research and standards, provision of digital public goods

A comprehensive transatlantic China policy is as elusive as a template for a transatlantic digital agenda. Yet partial convergence in some areas can be leveraged in concert with other like-minded partners.

The Biden administration is currently discussing a framework for joint research and standard-setting with the goal to protect critical infrastructure and supply chains. In a Foreign Affairs article, Jared Cohen and Richard Fontaine proposed that such an alliance of «techno-democracies» should initially consist of Australia, Britain, Canada, Finland, France, Germany, India, Israel, Japan, South Korea and Sweden, along with the United States. A similar concept was put forth in a joint call for action by the Center for a New American Security (CNAS), which is led by Fontaine, in coordination with the Berlin-based Mercator Institute for China Studies (MERICS) and the Asia Pacific Initiative of Japan. The three also recommended that alliance members pool resources to finance secure digital infrastructure and boost digital inclusion in third countries. The China Strategy Group, which was co-chaired by Cohen, a Google executive, and former Google CEO Eric Schmidt, proposed to set up an international technology finance corporation as a way to counter China’s global connectivity project, the Belt and Road Initiative (BRI), by providing digital public goods to the parts of the world that increasingly depend on Chinese technology.

For such efforts to gain broader democratic legitimacy, they will have to go beyond industrial policy and competition against China. They would have to aim to structure global digital governance debates around shared values – from sustainability and inclusion to democracy and human rights. And they would have to include the EU as a global standard-setter instead of just some of its member states.

For this to become a path forward, both sides have homework to do. The EU needs to come to a clear evaluation of how its economic interests align with its other goals of protecting human rights, environmental standards, and yes, strategic interests in its Eastern neighbourhood, which is very much a target of BRI. German carmakers’ deep entanglement with the Chinese market continues to provide Beijing with leverage, as seen in the last ditch EU agreement with China on the principles of an investment agreement at the end of 2020, which raised fears in the US of a closer integration of European companies into China’s digital economy.
Germany's China Dilemma Meets America's Credibility Gap on Digital Rights

In a virtual speech at the Heinrich Böll Foundation's annual foreign policy conference on January 18, 2021, German Green Party co-chair Annalena Baerbock sharply criticized the deal, a priority of the Merkel government, for failing to gain sufficient Chinese concessions on market access and labor standards. Yet Baerbock also conceded the dilemma. «We won't be able to decouple from China, but we also must not be blind,» she said, warning of growing dependencies on Chinese infrastructure investments in EU's regional vicinity, such as in Serbia.

The Biden administration, on its end, will have to re-gain European trust in a US-led global digital economy and to re-affirm its membership in the democracy and digital rights camp after the end of the Trump years. Injecting values into the global digital governance conversation will be difficult as long as the US lacks credibility for protecting digital rights at home. The US political debate has recently moved away from disregarding European regulations as protectionism. After an initial outcry in 2018, the EU's General Data Protection Regulation is now accepted as the de facto global gold standard even by many US companies. California's Consumer Privacy Act (CCPA) draws heavily from GDPR, and many expect Congress to make another attempt at passing federal data privacy legislation this year.

The US tech lobby is geared up for a fight over the European Commission's draft Digital Services Act (DSA) and Digital Markets Act (DMA). At the same time, many US policymakers and experts discussing a reform of the liability protections for platforms (Section 230) rather look with envy to the thoughtful legislative proposal, which proposes greater accountability and transparency as an alternative to blunter tools for filtering and taking down content that is seen as harmful, but not illegal. As anti-trust investigations against Google and Facebook are gaining steam in the US, the DMA's linking of platform accountability to market domination is widely discussed as a pioneering legislative approach.

Some Room for Bilateral Action, but Holistic Approach Requires Broader Coalition

Apart from domestic adjustments, the EU and the US need to sort out of few things bilaterally. For a broader multilateral democratic digital governance coalition to take shape, it would be ideal if they could remove the most obvious transatlantic digital policy stumbling blocks sooner than later – by finding a rights-respecting way to restore transatlantic data transfers after the European Court of Justice struck down the Privacy Shield agreement, and by finding a compromise within the OECD on digital taxation. They can revive what
used to be the most promising part of the failed TTIP negotiations – a dialogue on aligning industrial standards for emerging technologies. The European Commission's proposed EU-US Trade and Technology Council could be the right place for that.

A broader coalition among democracies would seek to establish and coordinate multilateral export controls for critical technologies, investment screening and other measures to protect national digital infrastructures. It would identify areas to pursue research and commercial cooperation – within the realistic limitations of competition within such a group over IP and talent.

But apart from security and competition, it would focus on a positive agenda around values such as sustainability, inclusion, democracy and human rights, for example by seeking to shape value-guided rules for emerging technologies such as Artificial Intelligence (AI) in the OECD, G20 or other forums.

Differences in domestic laws or regulations should not be insurmountable obstacles, as long as the partners can agree on procedural elements to ensure the democratic legitimacy of digital governance structures. Transparency, accountability and legal redress would be core elements of such legitimacy.

Very importantly, the democratic coalition would have to open the conversation beyond an exclusive circle once known as «the West.» Its members would have to demonstrate that its alternative connectivity offerings to low- and middle-income countries are buffered by higher ethical standards than China's. They would have to ensure that digital trade agreements such as the one currently under negotiation by 80 WTO members under the Joint Statement Initiative give others the space they need to carve out their own digital sovereignty. Developing and emerging economies have to be a part of the discussions over what an inclusive, democratic, sustainable and rights-based digital sphere should look like – and how much they are willing to trust a powerful coalition of «techno-democracies» over China.
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