

# **Changing Liberal World Order and the European Union**

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## **Abstract**

*The European Union (EU) is known as the strongest advocate of the liberal global order. It is invested in the idea of rule-based international order, which forms part of its core identity. This adherence to the principles of the liberal global order is visible in its support for multilateral institutions and norms; open market and liberal trade regimes; approaches to security; emphasis on human rights; and democratic norms and values. With the growing uncertainty in the global order, the EU's commitment to the above stated norms has become much more crucial than before. The objective of the study is to understand the shifting dynamics of the liberal world order as it was established at the end of the Second World War and how the EU is responding to these changes.*

## **Keywords**

*European Union, Liberal World Order, Multilateralism, Like-Minded Partners, Global Challenges*

## [I] Introduction

*“Europe will not be made all at once, or according to a single, general plan. It will be built through concrete achievements, which first create a de facto solidarity.”*

*Robert Schumann, 9 May 1950<sup>1</sup>*

Established after the end of Second World War in 1945, the rule-based liberal international order has been a joint project of the United States (US) and its European allies. It was a multifaceted international order based on democratic solidarity, multilateral institutions and economic liberalism, and security cooperation. After the end of the Cold War, this order spread as the bloc politics came to an end. This led to the establishment and expansion of its governance institutions – North Atlantic Treaty Organisation (NATO) expanded eastwards, the European Union was established, G20 came into being and the World Trade Organization (WTO) was established.

The European Union (EU) has emerged to be the strongest advocate of this liberal global order. It is invested in the idea of a rules-based international order, which forms part of its core identity. This adherence to the principles of the liberal global order is visible in its support for multilateral institutions and norms; open market and liberal trade regimes; its approaches towards security; emphasis on human rights; and democratic norms and values. It is this liberal order that seems to be in flux today. Britain’s decision to exit the EU and variety of troubles assailing Europe appears to raise questions regarding the culmination of post-war project of building a greater and more integrated Europe. The Union is further challenged internally with the rise of new authoritarianism and ill-liberalism in countries like Poland, Hungary, etc. and resurgence of the populist, nationalist and xenophobic politics. The US President Donald Trump has been relatively hostile to this liberal internationalism – which is evident in his withdrawal of the Iran nuclear deal, agreements on Trans-Pacific Partnership and the Paris Climate Change. His administration has withdrawn from the Intermediate Range Nuclear Forces Treaty (INF), alleging Russian failure to adhere to it. He has questioned the validity of NATO and threatened to withdraw if other members failed to pay their fair share to the alliance. These issues are further augmented by the rise of new players - like China, India and Japan - in global politics which has led Europe to look beyond its own traditional Euro-Atlantic borders and to engage with these new power-centres. The renewed push towards revitalizing its relations with countries in Asia, especially with India is

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<sup>1</sup> The Schuman Declaration, 9 May 1950, European Union, [https://europa.eu/european-union/about-eu/symbols/europe-day/schuman-declaration\\_en](https://europa.eu/european-union/about-eu/symbols/europe-day/schuman-declaration_en). Accessed on 12 December 2019

apparent with the launch of EU's Strategy on India in 2018 and Japan with Strategic Partnership Agreement, which provide opportunities to the Union to promote liberal norms and values, and help foster cooperation with like-minded partners against a background of uncertainty. It has made Europe aware of the role these countries are playing in re-defining the post-Second World War liberal international order to match with the current realities of the world.

With the growing ambivalence towards the liberal order, the EU's commitment to these norms is of utmost importance. This is because, not only is the EU's international stature linked to the adherence to these principles but also the European nation states prefer a model of international order that would help them in the promoting their own economic interests while protecting them from any external threats. This has led the Union to adopt pragmatic approaches both internally and externally. The launch of EU's Global Strategy for Foreign and Security Policy in 2016 highlighted three crucial strands of EU's thinking – *firstly*, it proposed “principled pragmatism” as a new operating principle in its foreign policy. This means that Europe's shared interests can be realised only by acting together with like-minded partners like India and Japan; *secondly*, to rethink and formulate its defence and security apart from the US; and *thirdly*, it stresses the centrality of the Union's support for and investment in the rules-based international order. This highlights its commitment towards the international multilateral institutions and the principles behind the establishment of these institutions.<sup>2</sup> This is so, because for the EU, the commitment towards the principle of multilateralism is the best course for global cooperation.

The objective of the study is to understand the changing dynamics of the liberal world order as it was established at the end of the Second World War and how the EU is responding to this. The order is currently under threat from both its adherents and its opponents. The EU is heavily invested in this rules-based international order as it illustrates the idea that the nation-states are better able to prosper if there is cooperation, rule of law, commitment to democracy and adherence to human rights. The current order is characterised by assertive nationalism, great-power competition, disdain for the rule of law, and illiberalism. This has resulted in rising concerns within the EU regarding the condition of the rules-based liberal order and has

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<sup>2</sup>Shared Vision, Common Action: A Stronger Europe - A Global Strategy for the European Union's Foreign And Security Policy', European Union, June 2016, [https://europa.eu/globalstrategy/sites/globalstrategy/files/pages/files/eugs\\_review\\_web\\_13.pdf](https://europa.eu/globalstrategy/sites/globalstrategy/files/pages/files/eugs_review_web_13.pdf), Accessed on 23 April 2019

led the EU to develop a renewed approach towards the challenges posed by these shifting dynamics. The research is with an aim to understand, EU's responses to these developments and what it can do to preserve the most important elements of the order.

## **[II] Evolution of the World Order**

The world order, as history has shown, arises after a period of convulsions that creates both conditions and aspiration for something new. It requires, as Richard Haass<sup>3</sup> explains, “stable distribution of power, broad acceptance of the rules that governs the conduct of international relations, along with creative diplomacy, functioning institutions and effective action to adjust when circumstances change or when challenges emerge”. The concept of world order traces its root to the Westphalian system that followed the Thirty Years War. The 1648 Treaty of Westphalia created a new political order in Europe which was based on state's sovereignty and the independence of their rulers. The Utrecht Treaty of 1713 consolidated the concept of sovereignty by linking “sovereign authority to a fixed territorial boundary”.<sup>4</sup> The Westphalian system also introduced new principles of foreign policy namely: first, sovereignty of states meant that the ruler is fully autonomous within his domain dealing a blow to the authority of the Church – moving the states to become secular rather than theocratic in nature; second, collective European security was the fundamental task to maintain peace among the actors; and third, maintaining the balance of power so that no state dominates over the other. This system expanded around the world as the framework for a state-based international order with the expansion of European empires, which carried these Westphalian principles of international order to the new counties.<sup>5</sup>

Although the concept of balance of power and international relations emerged from the Treaty of Westphalia, it was the Congress of Vienna that influenced the world order that emerged in the twentieth century. The Congress of Vienna was held in the aftermath of the Napoleonic Wars in 1814-15. During the congress, the victorious powers (UK, Russia, Austria and Prussia) tried to make sure that French military power could never threaten the

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<sup>3</sup>Richard Haass, *How a World Order Ends: And What Comes in its Wake*, Comment, Foreign Affairs, January/February 2019, <https://www.foreignaffairs.com/articles/2018-12-11/how-world-order-ends>, Accessed on 15 April 2019

<sup>4</sup>Vladislav B. Sotirović, The Peace Treaty of Westphalia (1648) and its Consequences for International Relations, *Oriental Review*, <https://orientalreview.org/2017/12/09/peace-treaty-westphalia-1648-consequences-international-relations/>, Accessed on 18 January 2020

<sup>5</sup>Henry Kissinger (2014), *World Order: Reflections on the Character of Nations and the Course of History*, (Penguin: New York)

continent and that the revolutionary movements would pose no danger to their respective monarchies. The irony of the situation was that the victorious powers chose to integrate France within the system, very different from how Germany would be treated at the end of the First World War and later on Russia during the Cold War. The Congress resulted in the Concert of Europe, which laid down three major understandings between the states – firstly, invasion of another country was ruled out; secondly, the interference in the internal affairs without the permission of the country was not allowed; and thirdly, a military balance was proposed which would help in dissuading any state to overthrow the established order. The Concert of Europe resulted in numerous territorial adjustments resulting in delineation Europe's borders<sup>6</sup>. The Concert lasted until the breakout of First World War.

With the onset of industrial revolution, the European countries focused on economic and technological developments which gave them capacity, both in terms of military and economy, to territorially expand beyond the continent. The balance of power created after the Treaty of Westphalia weakened in the 19<sup>th</sup> century with the various alliances shifting due to the increased competition and rivalry for economic resources and colonies. With the assassination of the Archduke Ferdinand, the crisis broke out in Europe resulting in the First World War (1914-1918). The war led to critical changes in Europe – Germany emerged from the war as dissatisfied power as under the terms of Treaty of Versailles signed in 1919, it was made to pay the cost of war through reparations. This 'wrongs of the history' led to the rise of Adolf Hitler and his National Socialist Party which rearmed the nation and created strategic alliances with Italy and Japan. Also, the enforcement of the Treaty of Versailles was given to the League of Nations which did not have any political weight to carry out the task. The open aggression, in violation of Treaty of Versailles, perpetrated by the Nazi Germany went largely unchecked by other powers that were either involved in their domestic politics or were unable to confront the Reich forces. With the German invasion of Poland in 1939, France and Britain declared war on Germany, thereby beginning the Second World War. With the surrender of Germany and Japan in 1945, the Second World War came to an end and resulted in a major redistribution of power in Europe.

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<sup>6</sup>Ibid.

- ***Post Second World War World Order***

The Potsdam Conference of 1945 decided the fate of defeated Germany which was then divided in four occupation zone to be controlled by USSR, US, Britain and France. The most important outcome of the war was the global shift in power from Europe to the US and USSR. The rising differences between the two superpowers - be it in terms of implementation of Marshall Plan by US or the Berlin Blockade by USSR - were viewed as hostile actions which led to the falling of Iron Curtain in Europe. The result was the coming into being of two blocs, each dominated by a superpower with distinct economic and military systems leading to the rise of a bipolar world.

According to John Mearsheimer, the international order that emerged during the Cold War was a “thin one” because it was unable to influence the behaviour of the states, most importantly, of the great powers either in economic or military realm. This is so because both powers had minimal economic exchanges and in terms of military, they concentrated on furthering their own individualistic goals.<sup>7</sup> The post-war Western order that emerged was dominated by the US and had three distinct features – first, as the world order emerged at the time of Cold War and the division of the world into two power blocs, it was centred on a balance of military backed by nuclear deterrence. The idea was not only to stop large-scale aggression but also to limit the unnecessary conflicts. NATO was established in 1949 as the core security provider for the West. Nevertheless, the two sides cooperated and negotiated several arms control agreement and established institutions like International Atomic Energy Agency, Nuclear Supplier Group, Non-Proliferation Treaty etc. to control nuclear arms proliferation. Second was the establishment of the liberal economic international order where the main participants were democratic nation-states. These democracies were responsible for the spread of rule of law with the help of aid and trade so as to establish the dimension of economic inter-dependence which was to be defined by development, trade and well-established monetary operations. This included host of institutions like World Bank, International Monetary Fund, General Agreement on Trade and Tariff etc. The economic-interdependence was aimed at engaging countries to the extent that the option of war would no longer be an issue.<sup>8</sup> Third was the establishment of the institutions of global governance in which UN played a central role. The UN was established with the aim of providing a global

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<sup>7</sup>John Mearsheimer, Bound to Fail: The Rise and fall of the Liberal International Order, *International Security*, Vol. 43, No. 4 (Spring 2019), pp. 7–50

<sup>8</sup> Richard Haass, n3

arena which would be responsible for preventing and resolving disputes between the states. As the Cold War intensified, these institutions and economic-interdependence helped promote stability in the transatlantic relations and contained the spread of communism.

On the other hand, the Soviets created their own Communist-led order which was complemented by its own security guarantee in terms of Warsaw Pact which was established with the idea of countering NATO. In terms of its economic alliances, ComeCon was established in 1949 to facilitate the trade between USSR and Eastern Europe. It was created in response to the Marshall Plan to cooperate in areas of finance, trade, currency and industry. Also, USSR established Cominform in 1947 with the aim of linking all the communist parties on a single platform. The purpose was to draw a “strategy under the leadership of the Soviet Communist Party in the struggle against what was termed American-led imperialism.”<sup>9</sup>

- ***Post-1989- Rise of the “New World Order”***

With the end of the Cold War and collapse of USSR, the Western order became the guiding principle for the newly independent countries. During this period, institutions of global governance like WTO expanded and new mechanisms for the economic cooperation were established through the setting up formats like G8, G20 etc. The emphasis was placed on the commitment towards human rights which was done by placing greater importance on institutions like International Criminal Court and objectives like ‘responsibility to protect’ the civilians from violence. The idea was that the emerging states like India, China and the newly-independent countries would adopt these liberal norms, cooperate with each other for global peace and security, and would work with the UN to address the new challenges like international terrorism, climate change, genocides etc.<sup>10</sup>

This “new world order”, as President George H.W. Bush called it, was expected to incorporate the institutions that were part of the Cold War order and to further three important tasks – first, following the principles of liberal institutionalism there was a need to expand the memberships of the institutions keeping in mind the changed realities and also to create new institutions as required. The Maastricht Treaty for the establishment of EU is an

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<sup>9</sup> Cominform and the Soviet Bloc, Soviet History, <http://soviethistory.msu.edu/1947-2/cominform-and-the-soviet-bloc/>, Accessed on 18 January 2020

<sup>10</sup> Anthony Dworking and Mark Leonard, *Can Europe Save the World Order*, Policy Brief, European Council on Foreign Relations, 24 May 2018



example of promotion of integration; second, in terms of economic interdependence, the aim was to create inclusive and open international economies with maximised trade flow. The integration of Russia and China in various economic institutions formed the bedrock of this inter-dependence; and third, keeping in view the democratic peace theory, democracy was to be propagated around the world. The order that emerged was an array of institutions which generated rules and regulations, procedures and standards for the countries to function in the system. It was complimented by various informal organisations like G20 and G77, and groups like BRICS and IBSA which provided a platform for the developing countries to come together and discuss issues of mutual concerns. Even at the regional level, there were multiple forums through which dialogues on a range of issues like economic consultations, confidence-building measures etc., were held.<sup>11</sup>

- ***Crisis in the “New World Order”***

The expectation that the liberal international system established after the Cold War would endure the test of time, did not come to fruition. The idea that liberal political ideas and economic liberalisation would move together appeared to be cracking at the beginning of the 21<sup>st</sup> century. These cracks since then have widened due to difference in approaches of US’ ‘war on terror’ in Afghanistan, pre-emptive strikes in Iraq, 2007-08 financial crisis etc. Today, the world order is increasingly being challenged – the US which has been at the helm of the two orders seems not interested in taking forward the mantle of global leadership, the rise of an assertive China and resurgence of Russia have challenged the very foundations of the order as they try to redefine or restructure the order according to their vision. The uneven impact of globalisation has also led to the rise in contestation between the North and South and called into question the idea of interdependence which is being mooted in favour of protectionism and nativist politics. This is further complimented with the relative diffusion of power from the West to the East, where the rise of new economic centres like China and India are pushing back the Western-defined structures and are trying to shape them according to the new 21<sup>st</sup> century realities. What is visible today is that the world order has moved from unipolar world of post-Cold War to a multipolar world with the rise of multiple power

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<sup>11</sup> Michael J. Mazarr Miranda Priebe Andrew Radin Astrid StuthCevallos, *Understanding the Current International Order*, RAND Project, 2016, California, [https://www.rand.org/content/dam/rand/pubs/research\\_reports/RR1500/RR1598/RAND\\_RR1598.pdf](https://www.rand.org/content/dam/rand/pubs/research_reports/RR1500/RR1598/RAND_RR1598.pdf), Accessed on 18 January 2020

centres. The liberal order is under profound transition and what shape it will eventually take is still being debated.

### **[III] World Order and the Evolution of the European Union**

The European states have played a central role in the creation and maintenance of the world order. The end of Second World War devastated the European continent which was further aggravated by the Cold War. There was a consensus among the political leadership that for the recovery of the continent, economic integration between the countries was a necessity. This led to the establishment of European Coal and Steel Community to unite the European countries economically and politically to secure the lasting peace on the continent. The founding members of the community were Belgium, France, Italy, Germany, Luxembourg and the Netherlands. The Treaty of Rome in 1957 led to the creation of the European Economic Community (EEC). The establishment of the economic community resulted in a common external trade policy which led to the promotion of economic exchanges between the European countries. This system was further strengthened by the US efforts, primarily through the Bretton Woods institutions and later on through GATT (General Agreement on Tariffs and Trade), in which EEC was represented as a unified negotiator. As the economic integration of the region deepened three Western European countries - United Kingdom, Ireland and Denmark - joined the community.

The accession Greece in 1981 and Portugal and Spain in 1986 marked the second and third enlargement respectively of the European Community. Another key achievement of 1986 was the signing of the Single European Act which provided the basis for the free flow of trade across the Community's borders thereby creating a 'Single Market'. The fall of Berlin Wall in 1989 led to the unification of Germany and heralded the end of the Cold War. The year 1993 represented a symbolic year for Europe as it not only established the European Union through the Maastricht Treaty but also completed the Single Market with the implementation of the 'four freedoms – Movement of Goods, Services, Money and People'.<sup>12</sup> The Maastricht Treaty created three pillars of the EU namely – the European Community, the Common Foreign and Security Policy, and Justice and Home Affairs. The EU expanded further with Sweden, Finland, and Austria becoming members in 1995. The Amsterdam Treaty of 1997 further enhanced the competences of the Union and added new objectives "in

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<sup>12</sup> \*The History of the European Union, European Union, [https://europa.eu/european-union/about-eu/history\\_en#1945-1959](https://europa.eu/european-union/about-eu/history_en#1945-1959), Accessed on 21 January 2020

Article 2 EU, including the promotion of a high level of employment. The *acquis* of the 1985 Schengen Treaty on the gradual abolition of common border checks was integrated ...it introduced a new non-discrimination provision in Article 13 EC, which expressly conferred legislative competence on the Community to combat discrimination based on sex, racial or ethnic origin, religion or belief, disability, age, or sexual orientation...the importance of unemployment as an issue facing the EU was recognised in a new Title on Employment added to the EC Treaty (Articles 125-130 EC). It provided for the establishment of a new Employment Committee with a primarily advisory role.”<sup>13</sup>

This phase was succeeded by a long period of adjustment to conditions of membership for the ten countries in Eastern and Central Europe along with Cyprus, and Malta (2004), Romania and Bulgaria (2007) which joined the EU. In a way, the role of the EU as a stabilizing force in Europe came to fruition with this major eastern enlargement.<sup>14</sup> The EU imposed conditions for the membership which included a functioning market economy, effective rule of law and democratic government called the Copenhagen Criteria. Moreover, the European integration process was not only for the economic purposes. Through the other elements of Copenhagen criteria, EU helped member states to consolidate the democratic process in the member states which led the Union membership to become associated with the liberal democracy and the rule of law. This was further reinforced by the EU enlargements in 2004 and 2007, which were made possible due to several years of democratic and free market reforms in Central and Eastern European countries supported by the EU’s pre-accession policy. In this process, the EU worked with other regional organisations dedicated to democracy, market economy, the rule of law, and human rights, such as the Council of Europe, the European Bank for Reconstruction and Development (EBRD) and the Organization for Security and Co-Operation in Europe (OSCE).<sup>15</sup> Through these processes, EU has been seen as one of the drivers behind the spread of liberal democracy and free trade since the end of the Cold War – both of which are the essential components of the liberal world order.

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<sup>13</sup> Treaty of Amsterdam, 29 November 2010, Eurofound, <https://www.eurofound.europa.eu/observatories/eurwork/industrial-relations-dictionary/treaty-of-amsterdam>, Accessed on 21 January 2020

<sup>14</sup> Antonina Bakardjieva Engelbrekt, Anna Michalski, and Lars Oxelheim (eds.) (2018), *The European Union in a Changing World Order, Executive Summary Of Europaperspektiv 2018*, (Europaperspektiv- Network For European Studies: Sweden)

<sup>15</sup> Ibid.

The foundations of the EU were further strengthened by the signing of the Lisbon Treaty which aimed at “more efficiency in the decision-making process; more democracy through a greater role for the European Parliament and national parliaments; and increased coherence externally”. The treaty created a permanent post for the President of the Council to be appointed by the governments of the member states, the role of the High Representative of the Union for Foreign Affairs and Security Policy was strengthened to bolster the EU's voice on the world stage. A new European External Action Service was established to support the High Representative. The President of the Commission was to be elected by the European Parliament. The candidate was to be nominated through qualified majority by the Council. Another crucial aspect to the treaty was the extension of co-decision procedure<sup>16</sup> of Council and Parliament to a number of new areas. The role of the National Parliament was also extended under which the any EU legislation would be scrutinised by the national Parliaments before it could be adopted.<sup>17</sup>

#### **[IV] EU and the Changing Liberal World Order**

During the Cold War period, the liberal western order provided the necessary conditions to establish supranational institution of the European Community and NATO's article V guaranteed their security needs and the presence of the US forces on the continent. This provided the European countries to push further their political and economic integration through the EC, thereby transforming the continent and its politics. After the fall of the Berlin Wall, the liberal order began expanding to include new states with the expansion of democracy, human rights, liberalisation of market economy etc. The period also saw the transformation of EC into the EU, which went on to further expand geographically in 1990s and 2000s.<sup>18</sup> It also took its first step towards presenting a comprehensive security policy in 2003 with the publication of the European Security Strategy which stated that “Europe has never been so prosperous, so secure nor so free...EU's ‘security and prosperity’ depend on an ‘effective multilateral system’”. Adding that, the important objective of the Union was the-

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<sup>16</sup> The co-decision procedure, under which the Council and the Parliament must agree on the proposed legislation and legislation cannot be adopted if opposed by the Parliament

<sup>17</sup> The Lisbon Treaty - brief overview of the key changes, Lexology, 4 November 2009, <https://www.lexology.com/library/detail.aspx?g=48a4327a-c5e8-41a7-8000-c93e90abe763>, Accessed on 21 January 2020

<sup>18</sup> Bart M.J. Szewczyk (2019), Europe and the Liberal Order, *Survival*, 61(2), pp. 33-52

“development of a stronger international society, well-functioning international institutions and a rule-based international order”.<sup>19</sup>

The EU has been profoundly affected by the changes in the world order. The order that emerged at the end of Cold War, although unipolar in nature with the US as its driving force, expanded rapidly with globalisation and liberalisation of economies and politics all over the world to become a multipolar world as we see today. However, the changes in this system started to become visible at the beginning of the 21<sup>st</sup> century. The rising US unilateralism, rise of new power centres away from the western countries, resurgence of Russia and its involvement in Georgia and then in Ukraine, led to the questioning of the nature of the world order.

From Europe’s perspective, today this world order is under severe stress due to several external and internal reasons. Externally, the primary being the pressure that has emerged from the heart of the system – although, previous US presidents had taken several steps that have at one time or another undermined the world order, the constant challenging of the norms and principles of the liberal order by President Trump is unprecedented. The United States has been an important player, not only in the establishment of the liberal order in the post-Second World War period, but together with the EC and then with the EU, it has helped in the furthering this multilateral system. However, in the past few years, there is a visible retrenchment of the US from the responsibilities it had shouldered since 1945. The US reluctance to act on global issues cannot just be attributed to the current Presidency. It was also visible in its cautious approach of President Obama towards the civil war in Syria where the US was unable to effectively influence the anti-government groups or take action when the Syrian authorities used chemical-weapons. This disinclination has given rise to other global actors to disregard US concerns and interest and act independently. Russia’s intervention in Syria and Ukraine are an example of this as also is military-intervention of Saudi Arabia in Yemen.<sup>20</sup>

However, doubts about US dependability have increased with the new Trump administration because he has led the US to withdraw from its various international commitments and has also conditioned the once inviolable US commitments towards its European allies. The US is

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<sup>19</sup>European Security Strategy: A secure Europe in a better world. European Security Strategy, Brussels, 12 December 2003

<sup>20</sup>Richard Haass, n.3

the EU's most important trade and bilateral investment partner. It has been the most willing supporter of multilateral trade and EU integration; and has provided European countries with the requisite security umbrella. With the aim of putting "America First" and delivering better results for the American citizens, the Trump administration has been working towards replacing multilateralism with bilateralism. This has posed a grave challenge to the European Union as the US is aiming to secure new trade deals to reduce its trade deficit and to protect its manufacturing sector, at the expense of the multilateral order. Similarly, the US withdrawal from the Iran Nuclear Deal, Paris Climate Treaty, INF Treaty and increasing uncertainty over its security commitments in Europe, has led to the rising concerns in the EU.<sup>21</sup>

Secondly, with the end of Cold War, the efforts to integrate Russia into the liberal order has not yielded results, although the nuclear deterrence still exists, many arms control agreements, such as the INF Treaty, are fraying. Russia, for its part, has avoided direct military challenge but has shown willingness to question the status quo with its behaviour. This proactive and assertive behaviour is visible in Russia's meddling in Georgia in 2008, Ukraine in 2014, annexation of Crimea, intervention in the Syrian civil war at the behest of Assad government and alleged interference in 2016 presidential elections in the US. It has been expanding new institutional arrangements such as BRICS-led New Development Bank and Eurasian Economic Union. Russian leadership has been critical of the post-Cold War institutions and has time and again made it clear that it wants to revise or overturn the present liberal order. The leadership has been critical of the West and has accused it of disregarding the Russian national interest and international concerns. They have also been extremely vocal regarding the fact that the West has side-lined Moscow with respect to several important issues including the creation of new security architecture in Europe and eastward expansion of the NATO towards Russian border.<sup>22</sup> As Russian Foreign Minister Sergei Lavrov said at the 2017 Munich Security Conference, "I hope that this choice will be made in favour of building a democratic and fair world order, a post-West world order, if you will, in which each country develops its own sovereignty within the framework of international law, and

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<sup>21</sup>Maria Demertzis, André Sapir, and Guntram B. Wolff, *Europe In A New World Order*, Policy Brief Issue 13, *WirtschaftsdienstZeitschriftfürWirtschaftspolitik*, 2018

<sup>22</sup>Elias Götz and Camille-Renaud Merlen (2019), Russia and the question of world order, *European Politics and Society*, 20(2), pp. 133-153

will strive to balance their own national interests with those of their partners, with respect for each country's cultural, historical and civilisational identity.”<sup>23</sup>

According to AndrásRácz and Kristi Raik, the EU's Russia policy is based on following principles: *first*, as a pre-condition of the lifting of the sanctions, the Minsk Agreement needs to be implemented. However, this has proved to be difficult because, although the EU and Russia has said that they remain committed to the agreement but so far have pursued their own understanding of the agreement; *second*, enhancing EU's resilience; *third*, limited engagement with Russia based on issues and priorities; *fourth*, strengthening and expanding the scope of relations with the eastern European countries; and *fifth*, increasing people-to-people contacts.<sup>24</sup> The challenges in the relations between EU and Russia can be structured around Russia's vision of global politics which stresses the movement towards a polycentric order. The concept of polycentrism foresees a privileged position for major powers, which is an anathema to the EU. Russia's views stand in contrast to the EU's emphasis on a multilateral rules-based order as the basis for the relationship. The violations of international norms by Russia, notably in Ukraine, have turned it into a strategic challenge for Europe. What needs to be understood here, for Russia, multilateralism is less of a normative principle than a strategy whereas the EU firmly believes that multilateralism represents a value-driven stance that should promote human rights, rule of law, democracy.

Thirdly, the rise of China, accompanied with fast expansion of its economic influence and impressive development of its military forces, has irrevocably changed the geopolitics. Moreover, the Belt and Road Initiative and establishment of AIIB has showcased China's push to further economic globalisation, which, in Beijing's point of view, will eventually lead to the formation of “the community of shared destiny” for human being.<sup>25</sup> For China, these initiatives represent an assumption of responsibility; its commitment to multilateral cooperation, and furthering of its foreign policy which is seen as the combination of national interest with multilateral cooperation. However, if seen in the terms of realpolitik, China has

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<sup>23</sup>Foreign Minister Sergey Lavrov's address and answers to questions at the 53rd Munich Security Conference, Munich, February 18, 2017, Ministry of foreign Affairs of the Russia Federation, [http://www.mid.ru/en/press\\_service/minister\\_speeches//asset\\_publisher/7OvQR5KJWVmR/content/id/2648249](http://www.mid.ru/en/press_service/minister_speeches//asset_publisher/7OvQR5KJWVmR/content/id/2648249), Accessed on 15 April 2019

<sup>24</sup>AndrásRácz and Kristi Raik, EU-Russia Relations in the New Putin Era, *International Centre for Defence and Security*, Estonia, 3 June 2018, <https://icds.ee/eu-russia-relations-in-the-new-putin-era-2/>, Accessed on 16 April 2019

<sup>25</sup>Huang Jing, *The Rise of China and Its Implications for Global Development and Stability*, China-US Focus, 25 June 2018, <https://www.chinausfocus.com/foreign-policy/the-rise-of-china-and-its-implications-for-global-development-and-stability>, Accessed on 16 April 2019

been assertive in pursuing what it considers its core interests in its neighbourhood, including reclamation of land in South China Sea. It has also rejected the Permanent Court of Arbitration at The Hague ruling against China in claim over territorial waters in the SCS. China has, in the last few years, has exponentially increased its defence capabilities so as to become military equivalent to the US in South-east Asia.

The challenges that the rise of China presents to the European countries can be understood from the recently published EU's Strategic Outlook, 2019<sup>26</sup> in which Brussels has declared Beijing a "strategic competitor and a systemic rival". The EU in its outlook has raised several issues regarding the Chinese practices like – closed Chinese markets, buying of European companies by state-owned enterprises by China, forced technology transfers etc. Another issue that has raised serious concerns in the EU has been the promotion of BRI by China, which is seen as an initiative by China to increase its international influence. This initiative has divided the opinion within the member states – with countries in Eastern and southern Europe in favour of the project while Western Europe sees it with apprehension.<sup>27</sup> Moreover, China has made significant in-roads within the European continent. The 17+1 initiative predates the BRI. It was launched in 2012 to boost cooperation between China and Central and Eastern European (CEE) Countries through transportation, infrastructure, trade and investment. China's growing interest in CEE countries can be attributed to the fact that although CEE countries are developed nations but their economies are not yet saturated. China's investment in the region and trade flows have increased particularly after the 2008 economic crisis as the CEE countries looked for new avenues to boost their economic recovery.<sup>28</sup>

Europe has watched the growing Chinese presence with increasing alarm. As French President Emmanuel Macron stated that "the period of European naivety is over",<sup>29</sup> there is a realization among Europeans that EU woke up late to the increased Chinese presence in the region. EU has been critical of Chinese investments and has consistently raised concerns

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<sup>26</sup> EU-China – A strategic outlook, European Commission, 12 March 2019, <https://ec.europa.eu/commission/sites/beta-political/files/communication-eu-china-a-strategic-outlook.pdf>, Accessed on 17 April 2019

<sup>27</sup> Ibid.

<sup>28</sup> Agnes Szunomar (2018), One Belt , One Road: Connecting China with Central and Eastern Europe in Yu Cheng, Lilei Song and Lihe Huang edited The Belt and Road Initiative in the Global Arena: Chinese and European Perspectives

<sup>29</sup> Philip Blenkinsop and Robin Emmot. "EU leaders call for end to 'naivety' in relations with China", (22 March 2019), <https://in.reuters.com/article/us-eu-china/eu-leaders-call-for-end-to-naivety-in-relations-with-china-idINKCN1R31H3>, Accessed on 25 July 2019



regarding transparency, open procurement, lack of respect for labour, environment and human rights. Despite these misgivings, EU is China's biggest trading partner while China is EU's second largest trading partner – reaching a decade high in 2018. The EU's exports to China increased to €210 billion, as compared to €78 billion in 2008, while imports reached €395 billion compared with €215 billion in 2008. The EU has a trade deficit of €185 billion with China. The bloc is quite heavily reliant on its trade relationship with China — in 2018 China made up for 20% of the EU's imports.<sup>30</sup>

Fourthly, the importance of multilateral institutions is being questioned today as these institutions have failed to adapt to the 21<sup>st</sup> century. The most important example of this phenomenon is the UNSC – the Security Council, on one hand, represents little of the power distribution of the 21<sup>st</sup> century in terms of its composition and on the other hand, it has not been able to play a substantive role in most of the international conflicts due to power plays within the permanent five. Similarly, WTO has proved to be ineffective in its dealing with the pressing challenges of the present day. Despite increasing global trade, WTO has failed to gather momentum in the trade talks with its recent trade talks ending without any agreements. It has been unable to deal with the issues of intellectual property rights, non-trade tariff barriers and has proven ineffective in the challenges posed by globalisation, cyber-attacks, and climate change. The EU has been a key supporter of the WTO and has been working to address the challenges that the organisation faces. With this respect, the Commission, in September 2018, produced a concept paper on the reforms of WTO – especially with respect to dispute settlement, transparency in working, and rule making. It is also working with other like-minded partners in proposing reforms of the WTO.<sup>31</sup>

The UN remains the cornerstone of EU's multilateral commitment. While European countries provide almost 30-35% of the regular and voluntary contributions to the UN, the EU has committed €16.8 billion to UN agencies – out of which 20.2% went to the WFP, 14% to UNDP, 12.3% to UNICEF, 10.7% to UNHCR and 7.1% to FAO from 2013 to 2019.<sup>32</sup> The EU has actively pursued the necessary reforms for the UN and has been vocal that it should

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<sup>30</sup> *Euronews*, 9 April 2019, <https://www.euronews.com/2019/04/09/bei-ching-the-figures-behind-the-eu-s-trade-with-china>, Accessed on 20 April 2019

<sup>31</sup> Multilateralism in international trade: Reforming the WTO, Briefing, European Parliament, 2018, [http://www.europarl.europa.eu/RegData/etudes/BRIE/2017/603919/EPRS\\_BRI\(2017\)603919\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/BRIE/2017/603919/EPRS_BRI(2017)603919_EN.pdf), Accessed on 21 April 2019

<sup>32</sup> UNGA Fact Sheet, European Council, [https://eeas.europa.eu/sites/eeas/files/unga\\_factsheet\\_2020\\_09-v2.pdf](https://eeas.europa.eu/sites/eeas/files/unga_factsheet_2020_09-v2.pdf), Accessed on 21 August 2020

be better equipped in facing 21<sup>st</sup> century threats like climate change, global pandemics etc. Despite pushing for UN reforms, the lack of a coherent position among EU members on the future of the UNSC, where two permanent members are European powers (UK and France) and another (Germany) is trying to get one continues to be a stumbling block.<sup>33</sup>

Internally, the EU is plagued by deep divisions over how to shape its future. The euro crisis constituted a major turning point in the history of European integration because it not only brought the economies in the region on the verge of collapse but also led to the rise of resentment among the member states. The crisis led to severe austerity-based economic policy formulation for some member states resulting in their marginalisation in the economic sphere. The EU missed an opportunity with this crisis to reform the institutional design of the Eurozone and the extreme austerity measures and the EU's failure to ensure the economic-based recovery led to the rising antipathy in the Union's eastern and southern borders. The rising resentment and the economic difference between the northern and southern countries of Europe have led to the rising questions regarding the relevance of the EU's whole integration project.

Apart from the crisis in Eurozone, three inter-connected issues have raised several questions on the health of the Union. First is the UK's decision to leave the EU in 2016. The UK became the first country to initiate Article 50 and begin the process of withdrawal from the Union. It is true that UK have always measured its EU membership in a transactional manner – on the basis of cost benefits – but the most common arguments given in the favour of Brexit has been its liberal rules for migration and cumbersome economic regulations. The idea of 'take back the control' also indicated to the fact that there was a growing resentment regarding yielding too much sovereignty to a supranational structure. In particular, there was a growing feeling in Britain that it had lost its ability to control its economic and migration policy which had undermined its democratic accountability, therefore it was crucial to reassert its own sovereignty.

With the Brexit, there were widespread doubts regarding the domino effect of the referendum among the member states that could lead to unraveling of the EU. Various surveys and polls

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<sup>33</sup> Mikael Barfod, *Can the EU Save Multilateralism?*, Friends of Europe, 28 February 2019, <https://www.friendsofeurope.org/publication/can-eu-save-multilateralism>, Accessed on 20 April 2019

conducted during that time suggested that EU had become unpopular among the citizens<sup>34</sup> and that if the referendums were to be held, the outcome in some of them would be very close to Brexit referendum. However, these doubts have not come to fruition as the members witnessed the destabilising effect of the referendum on UK. The right-wing and Eurosceptic parties across the remaining 27 member-states have to a large extent moderated their anti-EU stand with the idea of changing the Union from within rather than leaving altogether.

The most important consequence of the vote was the clear evidence that the Eurosceptic parties draw strength from the perceived weaknesses of the EU, especially with respect to migration, ceding of the national sovereignty to a distant body in Brussels and cultural liberalisation which goes against the ethos of what it means to be European – thereby extending ‘us versus them’ debate. Although Euroscepticism has always been part of the integration process, it came into forefront during the Eurozone crisis and later the migration crisis. However, the Brexit vote started a new phase in the anti-EU sentiments. It was no longer limited to the protests by the parties on the fringe of the political systems but has evolved into a widespread phenomenon. These parties demonstrated that they can tap into the growing electoral resentments against the elite-driven policy formulation in the Brussels by arguing that they are on the mission of safeguarding the national sovereignty, and their distinct cultural identity.

In the recent elections, these parties have gained substantial vote share thereby highlighting the increasing electoral unpredictability. The examples can be taken of parties in the Netherlands (Party for Freedom, Socialist Party), Belgium (VlaamsBelang), Denmark (Dansk Folkeparti), Greece (Golden Dawn, Syriza), Italy (Lega Nord, 5 Stars Movement) etc. These Eurosceptic parties have been further legitimised by the mainstream parties who have used their arguments and also given them the reason to voice protest against any action that they view would affect the state sovereignty.

The recently held European Parliament elections appeared to be a watershed moment for the right-wing parties in Europe. There were concerns that the rising fragmentation and populism both on the right and left, will certainly affect the makeup of the new European Parliament. However, from these elections, it can be concluded that European politics is evolving and

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<sup>34</sup> How has the EU become so unpopular?, Debating Europe, April 2016, <https://www.debatingeurope.eu/2016/04/13/how-has-eu-become-so-unpopular/#.X2h16xAzbiU>, Accessed on 15 September 2020

recombining in new ways and directions. The long-term rise of the right-wing populists is part of this evolution but in these elections, it did not emerge as a dynamic one. The far-right remains fragmented and splintered across blocs. What these elections have highlighted is that pro-EU integration core has not depleted rather it has emerged among the Greens and Liberals. The centre-right and centre-left are likely to depend on these parties to get their agenda passed.<sup>35</sup> What is clear from these elections is that it follows the national trajectory of the decline of the big-parties in favour of the new or smaller ones. With the decline of the EPP-S&D majority and increasing rift in the Franco-German alliance, it can be concluded that the new Parliament will be a fragmented body, making European politics less predictable.

Third, the lack of a cohesive policy on migration has resulted in growing resentments against the EU. Large-scale immigration has resulted in the rise of parties that associate the migration with threat to their culture, welfare system, and to their state sovereignty. Since the outbreak of migration crisis in 2015, the European leaders have struggled to find coherent approach to the situation. In the absence of collective response, there is increasing disappointment among the member states with some member states – like Hungary and Italy – taking unilateral approaches thereby aggravating the problem. These conflicting approaches over open border and migration have called into question the EU's commitment towards liberal values and have also resulted in disagreements among the member states thereby weakening the foundations of the Union.

Also there are clear indications of the rifts are emerging between the East and the West Europe. One of the most prominent issues of divergence is the burden sharing for the hosting of the migrants between the two. The 2016 EU Council's decision to introduce quotas of migrants for each state was not met favourably with many member states unwilling to compromise on the issue. These disagreements over burden sharing have emerged to be perceived as the main battleground between Europe's West and East. This has also aggravated the feeling in the CEE countries that the EU treats these countries as second-class citizens and has failed to take into account their grievances and issues. Moreover, Brussels is also engaged in a stand-off situation with the two important countries of the region – Poland and Hungary – over concerns regarding the rule of law situation in these countries. Their

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<sup>35</sup>The “Green wave” and 4 other takeaways from the European parliamentary elections, Vox, 28 May 2019, <https://www.vox.com/2019/5/28/18642498/european-parliament-elections-2019-takeaways-greens-salvini-brexit-eu>. Accessed on 31 May 2019, Accessed on 15 September 2020

crackdown on civil society, the media and courts has already put them on a collision course with the EU, which has begun extraordinary disciplinary measures against these countries. The differences with Poland and Hungary are an “unprecedented test” for Brussels because of its potential to thwart other member states’ agendas in areas ranging from migration to the rule of law.

## **[V] Coping with the Changing Liberal Order: Responses from the European Union**

The rising uncertainty in the global order and the role of the EU within this system has led to rising debates regarding the efforts to rebalance the Union’s foreign and security policy “away from the value-driven approach on which EU’s distinctiveness as an international actor” is based on.<sup>36</sup> It has called for a careful consideration of how these values are shifting in the face of new challenges and strategic choices that the EU now has to make. As the Global Strategy states – “In this fragile world, soft power is not be enough”<sup>37</sup>, thereby emphasising on the need to push towards a more resilient and interest-driven security and foreign policy. Within this scenario, the Union has taken several steps and measures to formulate its own responses to the changing order. Following are the some of the responses of the EU.

- ***Enhancing its Defence and Strategic Capabilities – A Step towards a Common Defence Policy***

The evolution of European defence can be traced back to the 1950s when the idea of European Defence Community was mooted by French Parliament. During the Cold War period, the security of Europe was guaranteed by the US and NATO under the transatlantic alliance, giving the nascent European community time to integrate politically and economically. With the establishment of the EU, the European defence integration gained momentum. In 1993, Treaty of Maastricht founded the EU, with the Common Foreign and Security Policy (CFSP) as its central pillar, which led to the development of a European Security and Defence Identity (ESDI). Under the treaty of European Union, CFSP encompassed all areas of security and foreign policy. The idea behind the common policy was that “the Member States of the European Union make their weight felt internationally.

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<sup>36</sup>Lisa ten Brinke and Benjamin Martill, Coping with Multipolarity: EU Values and the Stability of International Order, Dahrendorf Forum IV, Working Paper No. 11, 20 August 2019 [https://www.dahrendorf-forum.eu/wp-content/uploads/2019/08/Coping-with-Multipolarity\\_EU-Values-and-the-Stability-of-International-Order.pdf](https://www.dahrendorf-forum.eu/wp-content/uploads/2019/08/Coping-with-Multipolarity_EU-Values-and-the-Stability-of-International-Order.pdf), Accessed on 22 January 2020

<sup>37</sup>\*Global Strategy, n.2

The more unified and coherent the EU's external action is, the greater its ability to act will be...strong and effective common foreign and security policy is the key to being seen as more than an economic giant and to avoid being overlooked as a supposed political dwarf".<sup>38</sup> CFSP was consolidated under the Lisbon Treaty which, as stated earlier, produced a coherent EU's External Action Service, creating the position for EU's High Representative for Foreign Affairs and Security Policy. The aim of CFSP is to prevent and deal with crisis as well as post-crisis peacekeeping. Since it is intergovernmental in nature, i.e. member states decide unanimously over the issues concerning the issues, the CFSP exist in tandem with the national foreign and security policy of the member states which are obliged to support the CFSP and are expected to refrain from any action which runs contrary to the policy.

The Amsterdam and Nice treaties further aimed to strengthen the CFSP with the foundation of the European Security and Defence Policy (ESDP) aimed to increase the credibility of the EU as a security actor. Under the umbrella of ESDP, the EU has responded to several crises and conflicts, it has developed joint approaches in the third countries, consolidated its cooperation with international organisations like UN in developing policies related to combating international issues like proliferation of weapons of mass destruction, terrorism etc. Under the mandate of ESDP, the EU has launched several operations in developing crisis management tools like ARTEMIS operation in the Democratic Republic of Congo (DRC) and the PROXIMA operation in the Former Yugoslav Republic of Macedonia (FYROM). It has also taken several military operations, civil and police missions in Asia, Middle East, Balkans, Africa and Eastern Europe.<sup>39</sup>

Sebastian Graf von Kielmansegg<sup>40</sup> identifies four stages of development of EU defence policy: *first*, the Maastricht Treaty established a set of rules which would provide basis for European defence; *second*, the Balkan crisis led to the realisation of European approach towards defence which led to the foundations of the ESDP. The ESDP was the first step towards the building of its military-politico structures and operational capabilities; *third*,

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<sup>38</sup> Aims and characteristics of the CFSP, Federal Foreign Office, Germany, <https://www.auswaertiges-amt.de/en/aussenpolitik/europa/aussenpolitik/gasp/-/228304>, Accessed on 23 January 2020

<sup>39</sup> The Common Foreign and Security Policy (CFSP), Foreign Affairs, Foreign trade and Development Cooperation, Kingdom of Belgium, [https://diplomatie.belgium.be/en/policy/policy\\_areas/peace\\_and\\_security/in\\_international\\_organisations/europe\\_an\\_union/cfsp](https://diplomatie.belgium.be/en/policy/policy_areas/peace_and_security/in_international_organisations/europe_an_union/cfsp), Accessed on 23 January 2020

<sup>40</sup> Sebastian Graf von Kielmansegg, The Historical Development of EU Defence Policy: Lessons for the Future?, Verfassungsblog on Matters Constitutional, University of Berlin, 25 March 2019, <https://verfassungsblog.de/historical-development-lessons-for-the-future%EF%BB%BF/>, Accessed on 23 April 2019

period of stagnation since 2005 due to the failure of adoption of Constitutional treaty which was followed by the economic crisis in 2008. Although, the treaty of Lisbon institutionalised several achievements of ESDP and expanded the scope of the policy under the caption of Common Security and Defence Policy, it was never on the priority list of the member-states as the importance was given to the ‘national security’ and lacked the resources required to take it forward; and *fourth*, the quest for the independent European based policy-making. This was visible since the 2013 but it has gathered pace only in 2017. The example for this can be taken of the launch of Permanent Structured Cooperation (PESCO) which is an attempt to increase military capabilities.

There are three major reasons that compelled EU to seriously contemplate on the revival of its defence programme: the Crimean crisis of 2014; Brexit vote of 2016 which has left EU without its main military contributor; and the ambivalence of the US policies towards Europe. These events have led EU to realise that it would have to take more responsibility for its own defence. To put forward a vision for independent security architecture, the EU in 2016 came out with the Global Strategy for the European Union’s Foreign and Security Policy. There is a realisation that soft power of the EU is no longer adequate, as it states “The European Union has always prided itself on its soft power – and it will keep doing so, because we are the best in this field. However, the idea that Europe is an exclusively ‘civilian power’ does not do justice to an evolving reality. For instance, the European Union currently deploys seventeen military and civilian operations, with thousands of men and women serving under the European flag for peace and security – our own security, and our partners’.

For Europe, soft and hard powers go hand in hand.<sup>41</sup> The new strategy makes a case for “strategic autonomy” for the EU and calls for an independent European foreign policy with enhanced security and defence capabilities rather than relying on the US’ security umbrella. The document stated, “...defence co-operation must become the norm. The EU will systematically encourage defence co-operation and strive to create a solid European defence industry, which is critical for Europe’s autonomy of decision and action”. It identified five priorities for EU foreign policy – “the security of the Union; state and societal resilience to

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<sup>41</sup>Global Strategy, n.2

the East and South of the EU; the development of an integrated approach to conflicts; cooperative regional orders; and global governance for the 21<sup>st</sup> century”.<sup>42</sup>

In the past two years alone, EU has accelerated the process of establishment of the European Defence Fund (EDF) for cooperation which would permit companies and states to operate more cost-effectively. It also plans to incentivise the acquisition of key defence capabilities through co-financing initiatives, where at least three EU states join forces to develop and procure defence products and technologies. Another important initiative is the activation of PESCO. It was introduced under Article 42(6) of the Treaty of Lisbon which permits member states “whose military capabilities fulfil higher criteria and which have made more binding commitments to one another in this area with a view to the most demanding missions” to cooperate more closely than the EU-27 context permits. Under the terms of Article 46, PESCO is open to all member states. As of date, 25 EU Members have committed to PESCO, leading to a wide range of specific cooperation projects and investment pledges. Third initiative was the Coordinated Annual Review on Defence (CARD) which would work under the auspices of European Defence Agency (EDA) to institutionalise exchange between member states. This would help in identifying and closing gaps in member states’ military and civilian resources.<sup>43</sup> These three initiatives together form the three-legged structure for the European Defence cooperation.

Another key development in the common European defence policy is the European Intervention Initiative (EI2). It was introduced by French President Macron during his speech in 2017 at Sorbonne - it brought together willing nations to pool their resources in handling of various crises in Europe and its neighbourhood. As of June 25, 2018, nine EU countries - France, Belgium, Denmark, Estonia, Germany, the Netherlands, Portugal, Spain and the United Kingdom – had signed the letter of intent creating the EI2. The initiative intends to create a new force which is to be extremely efficient, with a streamlined decision-making process that will permit a quick reaction time. The aim of the EI2, as highlighted in the Letter of Intent, “...is a shared strategic culture that would enhance the ability of its members to act

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<sup>42</sup> Ibid.

<sup>43</sup> Rosa Beckmann and Ronja Kempin (2017), ‘EU Defence Policy Needs Strategy - Time for Political Examination of the CSDP’s Reform Objectives’, Stiftung Wissenschaft und Politik, Berlin, [https://www.swp-berlin.org/fileadmin/contents/products/comments/2017C34\\_ban\\_kmp.pdf](https://www.swp-berlin.org/fileadmin/contents/products/comments/2017C34_ban_kmp.pdf), Accessed on 23 January 2020



together on missions as part of NATO, the EU, UN or other ad-hoc coalitions”.<sup>44</sup> This initiative is based on making use of existing assets and joint forces of the member states in order to be resource-neutral.

Regardless of the push for the independent defence policy, NATO remains an integral pillar of the European security and defence strategy. As the majority of EU member states are part of the Alliance, it is imperative that the NATO collaborate with the European strategic institutions to bolster European security. This was also acknowledged in the EU Global Strategy 2016 which stated that: “A solid transatlantic partnership through NATO...helps us strengthen resilience, address conflicts, and contribute to effective global governance. NATO, for its members, has been the bedrock of Euro-Atlantic security for almost 70 years...The EU will deepen its partnership with NATO through coordinated defence capability development, parallel and synchronised exercises, and mutually reinforcing actions to build the capacities of our partners, counter hybrid and cyber threats, and promote maritime security.”<sup>45</sup>

While transatlantic relations have had its ups and downs, it is difficult to overlook the fact that the foundation of the security cooperation between US and Europe has been severely affected. This is one of the main reasons as to why Europe is striving for strategic autonomy in its foreign and defence policy. Despite the fact that US Congress is overwhelmingly in favour of NATO, many in Europe see the Trump presidency as a signal of a changing US – with its renewed emphasis on re-nationalization of its foreign and security policies. The view that Europe needs to be self-reliant in its security has been gaining prominence as the divergence between transatlantic alliance increases. The importance of having independent defence capabilities was also evident in the statement by German Chancellor Angela Merkel when she called on EU members to increase their security and defence cooperation because

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<sup>44</sup> Letter of Intent between Defence Ministers of Belgium, Denmark, Estonia, France, Germany, The Netherlands, Portugal, Spain and the United Kingdom, Concerning the Development of the European Intervention Initiative (EI2), 25 June 2018, <https://www.rijksoverheid.nl/binaries/rijksoverheid/documenten/convenanten/2018/07/10/letter-of-intent-concerning-the-development-of-the-european-intervention-initiative-ei2/EI2+final+LOI.pdf>, Accessed on 27 April 2019

<sup>45</sup>Global Strategy, n.2

there was no “guarantee of perpetuity”<sup>46</sup> in relations with the US. Europe has finally begun to reinvest in its own defence structures, after following years of defence budget cuts.

Lucie Béraud-Sudreau and Bastian Giegerich<sup>47</sup> identifies three major factors in this shift – ‘*Firstly*, the countries in Europe have registered stronger GDP growth thereby improving the overall economic health of Europe; *Secondly*, there is growing realisation in Europe regarding the unpredictable nature of the world order. This has changed their threat perception; *Thirdly*, European governments has realised that as a consequence of defence cuts, there are acute shortcomings in their capabilities and usability of forces. It is true that there are going to be multiple challenges in envisaging a European Defence Union ranging from differences among the national governments, ideological underpinings, differences in the treat perceptions etc., but as former President of the European Commission, Jean-Claude Juncker said, “(We must) work towards a European Defence Fund and Permanent Cooperation in the area of defence. By 2025 we need a fully-fledged European Defence Union. We need it.”<sup>48</sup> This is the vision that the EU is trying to achieve.

- ***Principled Pragmatism: Filling the Leadership Vacuum***

The withdrawal of the US from the leadership role has become apparent since the beginning of the Trump presidency. The administration has not only walked out from various negotiations like UN Global Compact on Migration, Transpacific Partnership Agreement, but has withdrawn from its international commitments, like Human Rights Council, Paris Climate Treaty. In a major jolt to the international diplomacy and non-proliferation regime, two actions of Trump administration has increased the divisions between US and its allies – the first and foremost being the US renunciation of the JCPOA, followed by threat of sanctions against the companies of other countries doing business with Iran. The second is the withdrawal from Intermediate-Range Nuclear Forces Treaty (INF), a bilateral agreement with Russia which has been cornerstone of US’ commitment to disarmament and non-proliferation treaty. Apart from complete and imminent withdrawal from its international commitments, the US administration has also substantially reduced funds that it has provided

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<sup>46</sup> Reuters, 13 January 2017, <https://www.reuters.com/article/us-germany-merkel-europe-idUSKBN14W2P6>, Accessed on 30 April 2019

<sup>47</sup> Lucie Béraud-Sudreau and Bastian Giegerich (2018), NATO Defence Spending and European Threat Perceptions, *Survival*, 60(4), pp.53-74

<sup>48</sup> President Jean-Claude Juncker’s State of the Union Address, 2017, European Commission, [https://ec.europa.eu/commission/presscorner/detail/en/SPEECH\\_17\\_3165](https://ec.europa.eu/commission/presscorner/detail/en/SPEECH_17_3165), Accessed on 27 January 2020

to various UN agencies and peacekeeping, sustainable development programmes, Palestinian refugees etc. The Presidency has also constantly threatened major multilateral organizations including the NATO, the WTO, and the International Criminal Court (ICC). These actions by President Trump have resulted in the liberal international order being in a state of crisis – a crisis of not just its stability but also of its legitimacy. The situation is further aggravated with President Trump’s shifting the US embassy to Jerusalem and an open embrace of Saudi Arabia’s tough line on Iran – increasing the volatility in the Middle East.

Europe has been trying to formulate its comprehensive approach towards the shifting global order in the wake of US departure from the leadership role. The Global Strategy defined the approach of the Union towards its foreign policy as “Principled Pragmatism” whereby “[EU will be] guided by clear principles. These stem as much from a realistic assessment of the strategic environment as from an idealistic aspiration to advance a better world...EU will engage the world manifesting responsibility towards others and sensitivity to contingency.”<sup>49</sup>

The Global Strategy identified various issues where it can make a difference like promoting the rules based world order, engaging with the like-minded partners, promotion of multilateralism, etc. With the “vision of and ambition for a stronger Union, willing and able to make a positive difference in the world”<sup>50</sup>, the EU has taken several steps to promote principled pragmatism as the way principle guiding its external actions. There are two distinctive trends that are visible in EU’s approach towards Principled Pragmatism – first, it has started to take unified approach towards the issues of widespread consequences like Iran Nuclear deal, safeguarding of multilateral economic system and secondly taking leadership role in the issues relating to global governance like climate change, migration and data protection.

It has often been argued that Europe has been unable to take a coherent approach on many global challenges, but it has started to take a united approach to many. The first case in point can be taken of the Iran deal crisis. The US withdrawal and the unilateral imposition of the sanctions have placed Europe in a difficult position. The negotiation of the JCPOA was considered as a diplomatic feat by the EU, and was promoted as a success of rules-based multilateral order. The two-year negotiation period resulted in halting of Iran’s nuclear program and by accepting the agreement Iran extensively curbed its nuclear program and

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<sup>49</sup>Global Strategy, n.2

<sup>50</sup>Ibid.

bought the controversy over its program to an end. The signing of the agreement also led the permanent members of the UN Security Council plus Germany, or the EU/E3+3 (EU and US, Russia and China) to lift the economic sanctions, enabling the EU to begin normalising its economic and political relations with Iran. With the US withdrawal, EU has unanimously agreed to remain fully committed to the agreement and has given the European Commission a go-ahead to act as and when interests of European countries and companies are threatened. This is so because, for the Union it is not only about the economic interests, it is also about their security. In the absence of the nuclear deal with Iran, it believes that the security of the region and of Europe would be at stake.<sup>51</sup>

However, it is quite visible that EU3 has been working in a limited way around the American sanctions as the long-term aim that the EU has set is to open the ways for other countries to normalise economic trade with Iran. This is proving to be difficult because on one hand EU has been working to appease Iran and salvage the agreement, on the other hand, it is trying to find ways through which it can compensate for the sanctions imposed by the US and thereby protect the companies and trade with Iran. Moreover with the increasing hostilities between the US and Iran, Europe is once again caught between the crossfire. Although the EU3 is still supporting the Iran nuclear agreement, there are visible concerns in the continent regarding the fallout of the increasing tensions. The European have multiple reasons for concerns – they are territorially closer to the Middle East than US thereby are more vulnerable to the domino effect of the conflict, another reason could be that threat from a resurgent Islamic state and the impact on trade and oil imports from the region.<sup>52</sup> This is one crisis from which Europe cannot isolate itself from the blowback; it needs to focus on salvaging the deal and creating a period of calm against further escalation.<sup>53</sup>

Another crucial way through which Europe can make a difference is by strengthening the open, rules-based economic integration between the states. This order has been undermined by the unequal distribution of benefits of globalisation and the entry of China and other emerging economies in the global trading system, has raised further questions about the

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<sup>51</sup> European Council, Foreign Affairs Council, 28 May 2018, <https://www.consilium.europa.eu/en/meetings/fac/2018/05/28/>, Accessed on 30 April 2019

<sup>52</sup> Amid Sharpening US-Iran Conflict, Europeans Try Diplomacy, *Voa News*, 8 January 2020, <https://www.voanews.com/middle-east/voa-news-iran/amid-sharpening-us-iran-conflict-europeans-try-diplomacy>, Accessed on 27 January 2020

<sup>53</sup> *Politico*, 3 January 2020, <https://www.politico.eu/article/crisis-in-iran-will-drive-wedge-between-europe-and-washington/>, Accessed on 27 January 2020

tenacity of the liberal order. Now, with US withdrawal from TPP and finalisation of new trade regime in the North America, the multilateral order is under stress. This has been aggravated by US' constant undermining of the essentials of the rule-based multilateral trading system by attacking and questioning the relevance of WTO. Calling it a 'catastrophe' for US, it has blocked the appointment of new judges to the WTO's Geneva-based dispute settlement body, potentially paralysing WTO's ability to issue judgments.<sup>54</sup> The Trump administration has imposed unilateral tariffs on steel and aluminium on China without following WTO procedure. This has resulted in a trade war between the US and China with sanctions and counter-sanctions between the two leading economies in the world.

The EU in itself is an example of how economic integration and inter-dependence can lead to prosperity and stability in the region. Therefore, the priority for the EU is to preserve the rules-based system. The way in which EU can safeguard the system is by trying to work with the US by improving the imbalances in the global trade with the clear aim that it would not support any move by the US to weaken the multilateral trade regimes. In this process, the size of the EU market can give it power to stand up to the US, as and when required. Shifting global trade patterns have resulted in the rise of new issues like investments in goods and services. As these issues have been given priority in various regional and multilateral trade agreements and treaties, the EU has an opportunity to pursue a new vision for global trade which protects the values and systems of the rules-based order. This is so because the conclusion of these treaties is based on inclusion of certain regulatory standards in various areas like labour rights, data protection, environmental standards etc. As EU is an economic heavyweight, it has the capability to create regulatory standards that can exert international influence. Moreover, as the size of the European market is so large, many companies and countries would voluntarily comply with the standards set by the EU.

However, the EU has to accept the rise of non-western institutions as credible players in the global economic sphere. The creation of institutions like BRICS New Development Bank and China led- Asian Infrastructure Investment Bank has challenged the autonomy of the World Bank (WB) and IMF. Although the argument in favour of these institutions is that they, rather than replacing the traditional financial institutions, complement them and would provide the developing and emerging countries access based on their needs. The argument against them is on the basis that these institutions would weaken the conditionality that is placed by WB

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<sup>54</sup>BBC, 31 August 2018, <https://www.bbc.com/news/world-us-canada-45364150>, Accessed on 14 May 2019

and IMF in their lending processes. The argument is that these new institutions would lend without imposing requisite requirements in areas like transparency and good governance.

With a US administration less committed to multilateralism, it depends on Europe to build broad-based coalitions and partnerships to counter these trends. One of the ways in which EU can make a difference is by working with the like-minded countries to uphold the international standards of rule of law and good governance. Secondly, it can present its own idea of international model as a way of counteracting the various conceptions presented by China, Russia and US. This can be done by EU strengthening its own internal market, and resolving the differences within its member states to provide a more coherent, cohesive and a resilient strategy to safeguard the multilateral international order.<sup>55</sup>

Similarly, in terms of global governance, the EU can play a critical role in sustaining the liberal order by taking lead in the global challenges like climate change, cyber security and data protection, migration etc. These issues require inclusive and all-round global approaches. With the rising temperatures and sea level, climate change has become an urgent issue that needs a consolidated global approach. The COP21 or Paris Agreement of 2015 was based on the idea that the states would voluntarily make commitments and set goals towards their plans of setting fixed targets in their fight against. As the states were to increase their targets and commitments, the agreement envisaged the role of non-state actors like civil society, local government and private sector. It is expected that because of its hybrid nature and inclusion of non-state actors, the agreement would survive despite the US withdrawing. Moreover, several US states and cities have pledged their support to continue working towards achieving of the goals as stated under the agreement.

The EU, for its part, has taken proactive measures in tackling climate change and has committed to transform the Union into a low carbon and energy-efficient area. The first package of measure on climate and energy was adopted in 2008, which set the targets till 2020. The package set three key objectives called 20-20-20 targets: a 20% reduction in greenhouse gas emissions; increasing the share of renewable energy to 20%; making a 20% improvement in energy efficiency<sup>56</sup>. According to 2018 Eurostat data, the EU is on track to

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<sup>55</sup>Anthony Dworking and Mark Leonard, n.10

<sup>56</sup> European Council, Tackling climate change in the EU, 25 April 2019, <https://www.consilium.europa.eu/en/policies/climate-change/>, Accessed on 21 May 2019

achieve its target of a 20% reduction in CO<sub>2</sub> emissions compared to the level in 1990.<sup>57</sup> EU has also presented their long-term decarbonisation strategy for 2050. The key objective is for the EU to reduce its CO<sub>2</sub> emissions by 80–95% compared to the 1990 level and achieve carbon neutrality by 2050; this would mean that greenhouse gas emissions would be equivalent to, if not lower than, the planet's ability to absorb the amount of CO<sub>2</sub> emitted daily.<sup>58</sup> Also, the EU released its Green Deal on 11 December 2019. The ambitious deal aims to provide a template for a comprehensive strategy that would put EU on the path of “no net emissions of greenhouse gases in 2050 and where economic growth is decoupled from resource use.”<sup>59</sup> The European Green Deal outlines a series of actions that can be taken and its success in achieving the targets remains to be seen. Nonetheless, it does set an example on how to take a lead in fighting the climate emergency.

The climate change is perhaps one of the many reasons for migration. The world has witnessed rapid rise in migration in past two decades due to various reasons – civil conflicts, wars, lack of opportunities etc. According to UN Population Facts, between 2000 and 2017, an estimated number of international migrants increased from 173 to 258 million, an increase of almost 85 million.<sup>60</sup> This trend has resulted in many developed countries to turn hostile to the rising migration, and has driven these countries to adopt various approaches to not only deter the irregular migrants from coming, but also discourage asylum seekers to reach their shores. No state wants to undertake newer responsibilities with regards to migrants and fewer countries have signed the UN convention on rights of migrant workers. Therefore, there is a need to adapt more pragmatic global solution for the issue of migration.

UN member states have adopted two global compact in 2018 on migration respectively. The norms guiding the compact include gender and child sensitivity, human rights, responsible sharing, state sovereignty and people-centric approaches by the state. The compact presents a comprehensive vision for management of migration in the future and it also explores ways

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<sup>57</sup>Ibid.

<sup>58</sup>Louise Guillot, *Cop24 In Katowice: What Is Europe Doing To Fight Climate Change?*, The New Federalist, 15 December 2018, <https://www.thenewfederalist.eu/cop24-in-katowice-what-is-europe-doing-to-fight-climate-change>, Accessed on 21 May 2019

<sup>59</sup> The European Green Deal, European Commission, 11 December 2019, [https://ec.europa.eu/info/sites/info/files/european-green-deal-communication\\_en.pdf](https://ec.europa.eu/info/sites/info/files/european-green-deal-communication_en.pdf), Accessed on 8 January 2020

<sup>60</sup> Population Facts, UN Department of Economic and Social Affairs, December 2017, <https://www.un.org/en/development/desa/population/migration/publications/populationfacts/docs/MigrationPopFacts20175.pdf>, Accessed on 22 May 2019

and means to move forward.<sup>61</sup> Europe has not been immune to this phenomenon. No issue has divided the Union as the issue of migration has. Although, the number of migrants coming to Europe has reduced in last two years, the issue still remains at the forefront of national politics. The EU leaders have agreed on several initiatives to manage migration which includes strengthening its external border as well taking internal measures so that the member states gets fair share of migrants without putting burden on the border states. It is also planning to reform asylum policy including Dublin Regulations in which migrants are first considered for asylum in the first safe country they arrive at – the member states like Italy, Hungary have been critics of this policy. For Africa, the EU is exploring the possibility of creating “regional disembarkation platform” so as to reduce the incidents of human smuggling by processing migrants outside EU borders. The EU has also upped its investment in Africa to help the countries achieve socio-economic transformation so that the people no longer have to leave to find better opportunities and living conditions.<sup>62</sup>

In general, the method of addressing a global challenge is to negotiate a binding international treaty through multilateral processes, so that the negotiating partners take the appropriate responsibilities. However, this has not been done for any of the global challenges. Therefore EU can take lead in the initiation of the process and help in the process of negotiations, for example, in the implementation of COP21, Europe can contribute in its success by setting an example. The COP21 has been received support both from the developed and developing world because of its voluntary nature and the principle of “common but differentiated responsibilities”, EU can set an example by setting and adhering to its own targets and embracing more responsibilities. Similarly, for the issue of migration, EU has made progress in curbing the irregular migration, but it needs to do more in the way it manages migration by providing alternative routes for who wants to enter EU legally and the criteria to define the type of migration Europe wants. There is a need to present migration as managed process and not something that needs to be completely halted. Also, EU can increase investments in neighbouring regions to reduce migratory pressure.

Another crucial issue that is impacting the liberal world order is the governance of cyber security. Its importance has increased because of persistent attacks on countries’ infrastructure, enterprises, alleged interferences in elections, data surveillance etc. Moreover,

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<sup>61</sup>Dr.Surabhi Singh, *Vision for the Future: The Global Compact for Migration*, Viewpoint, Indian Council of World Affairs, 29 October 2018, <https://icwa.in/pdfs/vp/2014/gcmvp29102018.pdf>, Accessed on 22 May 2019

<sup>62</sup>BBC, 29 June 2018, <https://www.bbc.com/news/world-europe-44652846>, Accessed on 22 May 2019



the allegations over the use of data gathered by Google, Facebook, and other companies have resulted in erosion of users' trust in the protection of privacy online. It is only recently that the United Nations adopted resolutions on international information security (IIS) system which was pushed by Russia and India for democratic, inclusive and transparent United Nations negotiation process on security in the use of information and communications technologies. The two proposals were "Developments in the field of information and telecommunications in the context of international security" and "Countering the use of information and communications technologies for criminal purposes"- thereby opening a new avenue in the discussion on international information security. These documents became the world's first code of conduct in the digital sphere, designed to create the foundation for peaceful interaction and to prevent war, confrontation and any other aggressive action.<sup>63</sup>

The EU is in the perfect position to promote the protection of users, inclusive and transparent policy making and internet regulations. The EU has already established itself as a norm-setter with the adoption of General Data Protection Regulation (GDPR) in 2018 which provided EU citizens greater control over their personal data and how it was to be used. It applies to every member state and is aimed at creating uniform protection guidelines for consumer and personal data across EU. According to Juliana De Groot, some of the key privacy and data protection requirements of the GDPR include -"Requiring the consent of subjects for data processing; Anonymizing collected data to protect privacy; Providing data breach notifications; Safely handling the transfer of data across borders; Requiring certain companies to appoint a data protection officer to oversee GDPR compliance."<sup>64</sup> As GDPR has set a template for the regulations for cyber space, many non-European entities and companies have adopted the GDPR rules for their consumers and many companies have accepted the regulations as standard for data protection.

On the issue of internet governance, the EU Commission has started to develop policy on "fake news" which is based on the idea the companies would adopt a "voluntary code of conduct" to regulate online disinformation. The EU has also taken lead as the supporter of multi-stakeholder for internet governance where there is absence of any international

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<sup>63</sup> *The Economic Times*, 29 December 2018, <https://economictimes.indiatimes.com/news/politics-and-nation/united-nations-adopts-two-russia-sponsored-resolutions-backed-by-india-on-international-information-security/articleshow/67298500.cms>, Accessed on 23 May 2019

<sup>64</sup> Juliana De Groot, *What is the General Data Protection Regulation? Understanding & Complying with GDPR Requirements in 2019*, Digital Guardian, 15 May 2019, <https://digitalguardian.com/blog/what-gdpr-general-data-protection-regulation-understanding-and-complying-gdpr-data-protection>, Accessed on 23 May 2019

arrangement. In this scenario, it is best that the groups of like-minded states can advance the formation of norms and guidelines within the purview of international laws. EU can cooperate with its allies and partners – like the US, Australia, New Zealand, Canada, and Japan - in developing certain standards which can act as a guide for the state practice on issues such as the defining armed attack in cyberspace and the use of countermeasures. However, the challenges here is the definition of threshold at which certain action would count as “unlawful intervention” and to find ways to deter and dissuade the intervention in effective ways which would not violate principles of democratic society.<sup>65</sup>

- ***Enhancing Cooperation with Like-Minded Partners***

The present liberal order, despite its shortcomings, has led to the world reaching unparalleled levels of socio-economic development. Therefore, to protect the liberal order that represents inclusiveness, the EU should collaborate with the like-minded partners. This is once aspect that was prominently highlighted in the Global Strategy as well which stated that, “(EU) will work with core partners, like-minded countries and regional groupings. We will partner selectively with players whose cooperation is necessary to deliver global public goods and address common challenges”.<sup>66</sup>

The study takes three case-studies of India, South Korea and Japan with whom the EU can cooperate to safeguard the liberal order. These countries are chosen on the basis of the surge in their relations with the Union and have been beneficiaries of this order and have repeatedly stated their commitment to a rules-based international order and a multipolar world. There are growing convergences between EU, India, South Korea and Japan on contemporary global issues and they have also agreed to enhance their cooperation in all multilateral fora. With the global order in flux, they can blend their strengths to champion a new narrative for inclusive globalisation, freedom, democracy and a credible rules-based global order.

To further this partnership with India, the EU launched its strategy on India in November 2018. The strategy provides a coherent platform for advancing key EU interests in India and more importantly, it gives a sneak peek into the way EU approaches India to maximize the opportunities in terms of trade and investment, military-to-military contacts, innovation,

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<sup>65</sup>Ibid.

<sup>66</sup>Global strategy, n.2

foreign policy etc.<sup>67</sup> The EU is India's largest regional trading partner while India was the EU's 9<sup>th</sup> largest trading partner in 2016. India's bilateral trade with EU in 2017-18 stood at \$76.90 billion with India's exports valued at \$30.35 billion and India's imports from the EU at \$46.55 billion.<sup>68</sup> Over the period April 2000 to June 2017, FDI flows from EU countries totalled \$83.7 billion.<sup>69</sup> According to the EU-India Factsheet, there are more than 6,000 EU companies currently present in India, providing direct and indirect employment to over 6 million people.<sup>70</sup> After a promising start in the 2000s, the EU-India partnership lost much of its momentum focusing largely on trade and cultural issues instead of political and strategic concerns. Although, India's relations with European member states - like Germany, France, and U.K. – developed bilaterally, this did not help in expanding its strategic relations with the Union. However, with the changing global situation, Brussels has realised that a comprehensive engagement with India is a natural consequence.

There is a growing recognition in Brussels of India as an emerging geopolitical actor. With the increasing disappointment with China's economic and political trajectory, the disdain of the US administration towards its allies has disrupted the liberal international order. At the same time, India is also emerging as a credible player beyond South Asia and Indian Ocean, which has led EU to look beyond its own periphery. India and the EU have been expanding their scope of relations, with EU becoming part of the International Solar Alliance<sup>71</sup> in December 2018, and Indian Navy becoming part of EU NAVFOR to escort World Food Programme vessels to transport food to Somalia<sup>72</sup>. However, it is not enough to just reiterate that India and the EU are "natural partners". India requires resources and expertise from the

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<sup>67</sup> *Elements for an EU strategy on India*, Joint Communication to the European Parliament and the Council, 20 November 2018, European Commission, Brussels

<sup>68</sup> EU-India Trade, Department of Commerce, Ministry of Commerce & Industry, <http://commerce-app.gov.in/eidb/ergn.asp>, Accessed on 17 May 2019

<sup>69</sup> India-EU Bilateral Brief, Indian Embassy, Brussels, 17 March 2018, [https://www.indianembassybrussels.gov.in/pdf/Revised\\_Brief\\_Unclassifiedmar19\\_2018.pdf](https://www.indianembassybrussels.gov.in/pdf/Revised_Brief_Unclassifiedmar19_2018.pdf), Accessed on 17 May 2019

<sup>70</sup> *EU-India Fact Sheet*, EU Strategy on India, [https://cdn2-eeas.fpfis.tech.ec.europa.eu/cdn/farfuture/bKxeumPzObF8OEde6SrD5qWyKo9-suTMOp3ZZLfV93M/mtime:1542703624/sites/eeas/files/eu-india\\_factsheet\\_november\\_2018.pdf](https://cdn2-eeas.fpfis.tech.ec.europa.eu/cdn/farfuture/bKxeumPzObF8OEde6SrD5qWyKo9-suTMOp3ZZLfV93M/mtime:1542703624/sites/eeas/files/eu-india_factsheet_november_2018.pdf), Accessed on 17 May 2019

<sup>71</sup> Signature by the EU and the International Solar Alliance of a Joint Declaration for cooperation on solar energy, European Commission, 11 December 2018, [https://ec.europa.eu/info/news/signature-eu-and-international-solar-alliance-joint-declaration-cooperation-solar-energy-2018-dec-11\\_en](https://ec.europa.eu/info/news/signature-eu-and-international-solar-alliance-joint-declaration-cooperation-solar-energy-2018-dec-11_en), Accessed on 19 May 2019

<sup>72</sup> The Indian Navy on 24-25 December 2018 performed the escort of vital humanitarian aid for the UN's World Food Programme, following an escort request by EU NAVFOR. The Indian warship Sunayna escorted a WFP dhow transporting 360 tons of food aid from Bossaaso to Berbera, in northern Somalia. (*Indian Warship Escorts World Food Programme Vessel*, 8 January 2019, European Union External Action, <https://eunavfor.eu/indian-warship-escorts-world-food-programme-vessel/>)

EU for variety of its priority areas, like urbanisation, climate change, skill development etc. For enhancing the relations, EU in 2018 published its strategy on India. As the EU shifts its focus to India, this new strategy is unique as it is the first time the EU and its member states have developed a holistic, long-term strategic vision to redefine the partnership, and to revitalize it is the need of the hour.

Similarly, EU shares robust relations with Japan, which has been institutionalised with EU-Japan economic partnership agreement. The agreement came into force in 2019 and brings with it enhanced economic gains for both sides. This agreement is expected to save custom duties - amounting to almost €1 billion per year for the EU and would also result in boosting of EU exports to Japan from €80 billion to more than €100 billion. Similarly, Japan also expects saving of custom duties and increasing of its exports to the EU countries by 29%.<sup>73</sup> Additional to the economic partnership agreement, both have also negotiated a Strategic Partnership Agreement, which is considered as a sign of their joint commitment in upholding the values and norms of the liberal international order. The agreement is legally binding and goes beyond political cooperation to include areas like security, cooperation in regional and multilateral forums, addressing global challenges like disaster management, climate change, development policy etc. Apart from these two agreements, EU and Japan are also working to enhance their security dialogue through negotiation of a participation agreement, whereby Japan would be directly involved with the EU's missions under CSDP.<sup>74</sup>

South Korea is arguably the only country in the world with political, economic and security agreements with the EU in effect. The bilateral framework agreement has been in force since 2014 and covers the entire gamut of bilateral relations and addresses issues like counter-terrorism, human rights, proliferation of weapons of mass destruction, climate change, energy security and developmental assistance. The bilateral free trade agreement has been in force since 2015 and aims at removing barriers in trade and creating an expanded market for goods and services. This was the first FTA of EU with an Asian country. South Korea is the EU's eighth largest export destination for goods, whereas the EU is South Korea's third largest

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<sup>73</sup> *EU-Japan Economic Partnership agreement enters into force*, Open Access Government, 31 January 2019, <https://www.openaccessgovernment.org/eu-japan-economic-partnership-agreement/57991/>, Accessed on 19 May 2019

<sup>74</sup> Mario Esteban and Luis Simon, *Europe-Japan cooperation for a rules-based international liberal order*, Real Instituto Elcano, 25 January 2018, [http://www.realinstitutoelcano.org/wps/portal/rielcano\\_en/contenido?WCM\\_GLOBAL\\_CONTEXT=/elcano/elcano\\_in/zonas\\_in/ari10-2018-esteban-simon-europe-japan-cooperation-rules-based-international-liberal-order](http://www.realinstitutoelcano.org/wps/portal/rielcano_en/contenido?WCM_GLOBAL_CONTEXT=/elcano/elcano_in/zonas_in/ari10-2018-esteban-simon-europe-japan-cooperation-rules-based-international-liberal-order), Accessed on 20 May 2019

export market. Trade in good in 2019 was €90.7 billion, trade in services in 2018 was 19 billion euros and FDI stood at €70.9 billion in 2018<sup>75</sup>. The bilateral Crisis Management Participation Agreement (FPA) has been in force since 2016 and reinforces the strategic partnership, shared values and security interests of both partners. The agreement is the security pillar of the EU-ROK relationship. Both partners share robust relations in various multilateral forums, share the values of democracy, human rights, the rule of law and belief in the market economy.

EU can extend its cooperation with these like-minded countries in new areas to counter-balance the threats to the liberal order. A key area of common concern where all the three partners share similar concerns is the preservation of free, fair and open maritime systems, which is crucial for their economic stability and security. All the partners have time and again underscored the importance of rules-based order where the freedom of the navigation is crucial for their stability and prosperity. The shifting of balance of power and increasing focus on connectivity are bringing security concerns of Asia at the periphery of EU. Moreover, majority of trade volume of EU, Japan, South Korea and India passes through these sea-lines of communications, thereby making the security of these sea lanes and unhindered transit of the goods a primary concern for the three.

India and Japan are actively working towards a vision that focuses on the creation and development of new connectivity corridors (primarily for economic and transportation purposes) from the Pacific Ocean up till the African shores, passing through the Indian Ocean in between. The Asia–Africa Growth Corridor (AAGC) aims to develop infrastructure and digital connectivity in Africa through Indo-Japan collaboration. AAGC is aimed to further inter-continental growth and development corridor between Africa and Asia. Geographically, Europe is placed at a perfect juncture and can help facilitate the inter-continental growth. In the past few years, Europe’s relations with Africa have been strained due to migration and security related issues. However, the EU has been working towards mending its ties with Africa by expanding its economic engagement as one way of stemming migration.<sup>76</sup> India, South Korea and Japan can also play a crucial role in EU’s connectivity plan for Asia which

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<sup>75</sup> South Korea, European Council, <https://ec.europa.eu/trade/policy/countries-and-regions/countries/south-korea/>, Accessed on 22 September 2020

<sup>76</sup> Jagannath Panda, *Is There Space for Europe in the Asia-Africa Growth Corridor?*, Asia Global Online, 7 June 2018, <https://www.asiaglobalonline.hku.hk/is-there-a-place-for-europe-in-the-asia-africa-growth-corridor/>, Accessed on 21 May 2019

is based on the principle to develop stronger networks and would strengthen partnerships for sustainable connectivity, across all sectors and based on a respect for common rules.<sup>77</sup>

All the partners can work together in furthering the concept of free and fair navigation - they can coordinate their efforts in addressing maritime crimes like piracy, human trafficking etc. and can also contribute to greater intelligence sharing and maritime domain awareness. They can also coordinate on aspects of maritime governance, like adherence of the tenets of UNCLOS etc. Already, Indian, Japanese and South Korean navies have participated in EU's Naval Force (EUNAVFOR) Atalanta, a counter-piracy operation that protects vessels and monitors fishing activities off the coast of Somalia.

Similarly, Indo-Pacific is emerging to be the new arena of cooperation between the four countries. India's Act East policy, South Korea's New Southern Policy and Japan's Free and Open Indo-Pacific offers a perfect ground for the increasing mutual cooperation. The presence of EU through its anti-piracy operations and the interest shown by France, UK and Germany towards the Indo-Pacific holds the potential of these partners to come together and enhance their cooperation of issues of mutual concerns. All the partners have time and again emphasised on the need for a free and rules-based Indo-Pacific and they can use this new theatre to advance their security and connectivity partnerships.

In addition, as a pre-requisite to achieving their goals, all the partners are aware that the global and regional balance of power needs to be maintained and any unilateral change in status quo needs to be opposed. The example can be taken of Arctic. With the melting of snow-caps and opening of alternative sea lanes, Arctic has become a contested area in which the EU, India, South Korea and Japan have high stakes. The Arctic region is estimated to hold some 20% of the world's gas reserves and around 25% of its oil reserves. For Europe, India, South Korea and Japan, the Arctic can help provide them with alternative sources of energy to reduce their dependence on Persian Gulf and Russia. Moreover, with the melting of the polar ice caps, the Arctic Ocean offers alternative and shorter routes between Europe and

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<sup>77</sup> *EU steps up its strategy for connecting Europe and Asia*, Europe External Action Service, Brussels, 19 September 2018, [https://eeas.europa.eu/delegations/kazakhstan/50728/eu-steps-its-strategy-connecting-europe-and-asia\\_en](https://eeas.europa.eu/delegations/kazakhstan/50728/eu-steps-its-strategy-connecting-europe-and-asia_en), Accessed on 21 May 2019

North-East Asia by cutting the shipping route from Hamburg to Shanghai by some 6,400km.<sup>78</sup>

## **[VI] Can EU Safeguard the World Order?**

As Amitav Acharya<sup>79</sup> point out in his book ‘Constructing Global Order: Agency and Change in World Politics’, the existing global order has been traditionally conceptualised, first as an extension of the European state-system and secondly as a by-product of the American-led liberal hegemonic order. Many of the governing institutions and ideas of this post-war global order, despite originating from the Euro-American nomenclature, are universal in nature which have been accepted and contested over the period of time. These contestations have opened the space for new and non-Western actors to emerge and put forward an alternative narrative to ideas and institutions which also supports order-building but not necessarily the present order. The global power-centres have been shifting away from the US and Europe towards countries like China, India, which has registered stronger growth-rates even in the wake of the economic crisis of 2008 and euro crisis of 2010, and the relative slowing down of the western world.

Europe’s role in shaping of this liberal order has been overshadowed by the role played by the US. Despite the large shadow of the American leadership, Europe has played a fundamental role in the expansion of basic norms of the liberal order. The integration process of the EU represents the basic tenets of the liberal order which are based on the assumption of a core set of universal norms (human rights), multilateralism and embedded liberalism (welfare systems and free trade). The EU has used these norms to further the democratic transition in Central and European states and their foreign policy is also driven by expansion of peace, spread of democracy, support of international law and human rights. This has led many scholars to call EU as a ‘normative power’, an idea put forward by Ian Manners where he argued that the power of the EU is derived from the norms and values on which the Union was created and which has been written in all its treaties.

However, Antonina Bakardjieva Engelbrekt, Anna Michalski, and Lars Oxelheim argue that ‘normative power’ is more a description of EU’s self-image as a foreign policy actor and not of its action. For them, EU is something of an anomaly in the international political system –

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<sup>78</sup>Mario Esteban and Luis Simon, n.74

<sup>79</sup>Amitav Acharya (2018), *Constructing Global Order: Agency and Change in World Politics*, (Cambridge University Press: US)

it is an actor that is not a state and yet displays state-like features and whose actions are equated with those of the state.<sup>80</sup> The EU is, therefore, expected to assume responsibility to propound values such as human rights, democracy, rule of law, and international law, as well as principles of global governance, such as multilateralism and a rules-based international system. These values form the framework of its approach to international cooperation, bilateral agreements with countries and international organisations.

It is this international liberal order that is being challenged internally as well as externally. Among the external challenges, the growing influence of new powers is particularly important. These powers do not necessarily share western values, and some of them have been promoting the alternative narrative for the order. In addition, a number of non-state actors that are propelled by ideology with religious overtones are having profound influence on security in Europe and surrounding regions. The multilateral world trade is now being pushed aside in favour of bilateral or regional trade agreements; international development assistance is now being regarded as an example of foreign policy tools and countries like China are investing heavily in less developed countries in terms of investments and direct financial aid, thereby influencing the global political economy. Internally, the liberal order is challenged from the rise of nationalism and populism which is questioning the foundations of democracy. Many countries in Europe are wrestling the anti-democratic wave, challenging their core liberal values and established form of government. These internal and external challenges have not only led to the questioning of relevance of the integration project but have also constituted to the Union's most complex problem.

The paper has tried to analyse the responses of the EU as it tries to navigate this changing world order. First, external and internal trends are identified which have immediate impact on the EU - retrenchment of US from international commitments; resurgence and reassertion of Russia; the rise of China; emphasis on unilateralism and bilateralism instead of multilateralism. Also, analysis is done of the internal challenges that EU faces, like Brexit; rise of Eurosceptic, populist parties; and migration, which has led to the rise in questions regarding its relevance and the supposed failure of the integration project. This is followed by the responses of the EU to address these challenges are analysed whereby the EU has been trying to take a leadership role in safeguarding the liberal world order - Enhancing its

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<sup>80</sup>AntoninaBakardjevaEngelbrekt, Anna Michalski, and Lars Oxelheim, n.14



Defence and Strategic Capabilities; how EU can take the leadership role in addressing global challenges and Enhancing Cooperation with Like-minded Partners.

From the assessment it is evident that the EU is following a two-fold approach towards the changing dynamics of the world order. The *first is its emphasis on multilateralism while acknowledging the emerging power plays in the liberal order*. This was visible in the statement of German Foreign Minister Heiko Maas, who called for an “alliance for multilateralism”<sup>81</sup>, for which like-minded countries like India, Japan, etc. are obvious candidates. According to Bart M.J. Szewczyk, “EU’s main power is its extended network of influence. However, the task is to identify the ways through which the liberal order can be reformed to mitigate the inherent inequalities that its detractors have demonstrated to affect its demise.”<sup>82</sup> This is where its like-minded partners become important, to push forward not only the reform agenda but also to promote multilateralism.

*The idea is that the EU has to actively push the renewal and transformation of multilateralism.* The mainstay of this has to be the support for the reform process of the UN and the WTO. The UN has been identified as the core institutional partner of the EU in its Global Strategy and the emphasis is laid on the Union to lead its reform process so that organisation is much more adaptable, and effective in fulfilling its core mission of conflict prevention and preserving international peace and security, specially by ensuring that optimum resources are available to match the mandate of the UN. In cases of trade-related issues, the emphasis has to be on building and defending of the bilateral and multilateral trade agreements which would thereby strengthen the inter-state and inter-regional relations without letting go of the larger goal of revamping WTO to match the 21<sup>st</sup> century realities. The European Council set out extensive guidelines for WTO reform at its June 2018 meeting stating that “... [EU] remains staunch supporter of the multilateral trading system and firmly believes that the WTO is indispensable in ensuring free and fair trade.”<sup>83</sup> It called for the overall modernisation of the WTO which should be based on two values – “First, Substance: address issues that are the key to global trade as it evolves. Second, Process: move the organisation towards a model of negotiations where individual issues can be built up by

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<sup>81</sup>Speech by Foreign Minister Heiko Maas at the opening of the 16th Ambassadors Conference at the Federal Foreign Office, Federal Foreign Office, Germany, 27 August 2018, <https://www.auswaertiges-amt.de/en/newsroom/news/maas-freeland-ambassadors-conference/2130332>, Accessed on 23 May 2019

<sup>82</sup>Szewczyk, n.18

<sup>83</sup> WTO Modernisation: Introduction to Future EU Proposal, European Commission, September 2018, [https://trade.ec.europa.eu/doclib/docs/2018/september/tradoc\\_157331.pdf](https://trade.ec.europa.eu/doclib/docs/2018/september/tradoc_157331.pdf), Accessed on 23 May 2019

interested Members under the auspices of the WTO toward eventual agreement by some or all Members forming integral part of the WTO framework”.<sup>84</sup>

*EU's global economic standing also provides it with the leverage to establish norms and standards in many areas.* In the recent years, EU has accelerated this aspect of its trade agenda – Mercosur negotiations, trade deals with Canada, Japan, Vietnam – which goes in the direction of pursuing multilateralism and adherence to WTO rules and regulations despite a pushback against free trade.<sup>85</sup> This has resulted in the expansion of the free and fair trade rules, and the inclusion of the core principles like democracy, rule of law and human rights in the trade agreements that the Union has signed in the recent years.

Similarly, *the EU has stepped up its efforts to play a leadership role in the view of US retreat from the global leadership role.* The EU already holds a strategic heft in terms of its advancing of the climate change targets. It has not only help sustain the Paris Climate Treaty after the withdrawal of the US but has also initiated through its new Green Deal to make the Union a carbon neutral space by 2050. Similarly, it has been trying hard to preserve the JCPOA – while maintaining cordial relations with the US despite several provocations. It has also worked in tandem with the US in order to preserve the principles of liberal order as well as areas of common interest especially in the view of rising China and Russia.

The second position can be expressed in terms of *the EU considering it necessary to solidify its position in the international system by reinforcing its identity and agency, and by strengthening its capacity to act through the more efficient use of common resources.* The foreign policy identity of the EU is being expressed with increasing clarity in terms of opposition to the policies of the Trump administration. Its agency has been reinforced by building bilateral agreements with key states in strategic partnerships and by taking a more realistic position in taking lead in fighting the global challenges like migration, climate change and cyber security. These issues require international organisations, states, private sector and civil society to come up with flexible formats to generate creative solutions. This has been furthered by *its accelerated process of forming an independent defence policy from the US and NATO.* The European quest for an autonomous defence policy is still in its formative years, but the political will to formulate one is quite clear. The approval of PESCO

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<sup>84</sup> Ibid.

<sup>85</sup> Nathalie Tocci, *The Demise of the International Liberal Order and the Future of the European Project*, IAI Commentaries, November 2018, IstitutoAffariInternazionali, Italy

in November 2017 which permits member states to pool-in their defence resources, when implemented successful can be considered as starting point for a uniform continental defence arrangement. The acceleration of formulation of a defence policy independent from US and NATO, has started ringing alarm bells in America, this is visible in the criticism of the US ambassador to NATO, Kay Bailey Hutchison, who termed these initiatives by Europe as a threat to the NATO's integrity and a diversion of allied resources.<sup>86</sup>

Keeping in view the uncertainty in the defence guarantees from the US, the countries of the EU have been substantially reversing their post-Cold War defence spending. This has resulted in significant improvement in the defence spending in Europe with aggregate increase of 2-3% between 2014 and 2017.<sup>87</sup> Moreover, the proposed Multiannual Financial Framework sets out a new budget item for security and defence, with over \$20bn allocated over seven years, to fund such as defence research and procurement, and to galvanise significant increases in defence spending by EU member states. The Global Strategy identifies the twin idea of European defence, i.e. independent policy complimented with greater cooperation and coordination with NATO, "As Europeans we must take greater responsibility for our security. We must be ready and able to deter, respond to, and protect ourselves against external threats...The EU needs to be strengthened as a security community: European security and defence efforts should enable the EU to act autonomously while also contributing to and undertaking actions in cooperation with NATO."<sup>88</sup>

This brings us to the question as to whether the EU will be able to safeguard the liberal world order? The answer is – not by its own. *If this liberal order has to survive, it will have to be a collective initiative, led by the EU, in close cooperation with the democratic partners both emerging (like India) and established (Japan).* However, to think that the EU would be able to replace the US as the global leader is nothing but folly. This is primarily true for two basic reasons- first, if looked closely, despite the positive growth rates posted by certain EU members, several members are still reeling under the weak economic growth in the wake to euro crisis and the rise of new economic power centres like China, India has resulted in the shifting focus from the European continent to these countries.<sup>89</sup> Cooperation with these rising

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<sup>86</sup> *Defencenews*, 14 February 2018, <https://www.defensenews.com/smr/munich-security-forum/2018/02/14/us-warns-against-protectionism-with-new-eu-defense-agreement/>, Accessed on 24 May 2019

<sup>87</sup> Szewczyk, n.18

<sup>88</sup> Global Strategy, n.2

<sup>89</sup> Stewart Patrick, *The World Order is Starting to Crack*, Foreign Policy, 25 July 2018, <https://foreignpolicy.com/2018/07/25/the-world-order-is-starting-to-crack/>, Accessed on 24 May 2019

powers is inevitable and the EU must be driven by pragmatism. *While it requires cooperation with the like-minded partners, it also remains a fact that the constellation of the partners would change with respect to time, place and issue and that the EU would need to pursue all its foreign policy relations with equal pragmatism so as to fulfill its goal of defending and building an inclusive multilateral order*<sup>90</sup>. Secondly, Europe, on its own, is unable to take on the challenges of the global governance as it often lacks the unity that is required to pull its weight as a collective body. This is visible in the differences and disagreements between the member states on issues like migration, climate change, arms exports etc.

Strobe Talbott once called the EU the “greatest experiment in regional cooperation the world has ever known”.<sup>91</sup> There is no doubt that it is a product of the liberal order and has immense stakes in its preservation. However, today, EU finds itself in the middle of a power struggle between various powers such as US, China, Russia, which are trying to redefine this order according to their own policies and priorities. This power tussle has emerged as a catalyst for change within the EU, where member states are now trying to define their own strategic autonomy and make the Union a much more credible player in foreign and security policy. As French President Emmanuel Macron said “What Europe needs is to build its own capacities and autonomy in order to protect itself... what is needed is ‘European sovereignty’: the collective ability to defend Europe’s interests—over security, privacy, artificial intelligence, data, the environment, industry, trade and so forth—in a strategic way”.<sup>92</sup>

Although, EU’s slogan of ‘ever closer union’ did take a hit with the UK exiting the Union on 31 January 2020, this was not the first crisis that the EU had to wither. In the past two decades, the EU has withstood a number of crises and conflicts like Balkan wars, eurozone crisis, migration crisis of 2015, and the rise of right-wing movement. These were followed by strategic changes at the global level with the election of President Trump whose hostility towards EU and constant threats of withdrawal from NATO had sent shockwaves through Europe. Similarly, the rise of China on one hand, and a resurging and resilient Russia on the other, has split the policy making within the Union where the member states are facing

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<sup>90</sup>Nathalie Tocci, n.85

<sup>91</sup>Strobe Talbott, Monnet’s Brandy and Europe’s Fate, The Brookings Essay, <http://csweb.brookings.edu/content/research/essays/2014/monnets-brandy-and-europes-fate.html#>

<sup>92</sup> Emmanuel Macron on Europe’s fragile place in a hostile world, *The Economist*, 7 November 2019, <https://www.economist.com/briefing/2019/11/07/emmanuel-macron-on-europes-fragile-place-in-a-hostile-world>, Accessed on 7 February 2020

difficulties in formulation a comprehensive and coherent approach due to the differing national priorities. Faced with these successive crises, *the job for European Union is not only to promote the ideals of the peace and prosperity of the common market but it needs to protect its own core ideals at home.*

The EU presents itself as a cohesive actor in the policy issues concerning trade and development; it is far from integrated in the traditional areas of defence, foreign policy and diplomacy. There are also increasing differences of opinion over the course of action and prioritisation of the emerging issues like migration energy security, cyber-security etc. *To emerge as a leader in the global politics and the champion of the liberal order, the EU needs to intensify its efforts to launch its much-awaited internal reforms, enhance its military capabilities at a much accelerated pace, take lead in the problem-solving solutions to global challenges, and internally it needs to work to offset the rising nationalist and populist forces.* But most of all, it needs to find its voice in the global arena as the champion of the liberal international world order and the multilateralism, and support its arguments with requisite actions. This is so because the EU is still the best hope for the liberal internationalists for safeguarding the liberal world order.

- ***Post-Script: EU and the Post-Pandemic World Order***

The coronavirus pandemic can be said to have played the role of accelerator in the further weakening of the global order. It has not only put the health-care systems and economies of the world under pressure but has also led to dramatic political and societal changes. Europe emerged to be the epicentre of the outbreak in the initial phase of the pandemic with cases being reported from every part of the continent. This led different countries adopting different strategies to deal with the virus. As health management is an inter-governmental issue, EU institutions had very limited role to play in guiding policy approaches of member states, and that emerged to be a source of tension during this crisis. The COVID-19 crisis was one of the severest tests for the EU as it highlighted the gaps in the current EU structures. Its solidarity appeared to be cracking because of the unilateral decisions taken by the member states to mitigate the effects of the crisis and the lack of consensus over the issues related to economic recovery package.

The coronavirus pandemic was also the first crisis since the Second World War in which the US has not taken a lead; rather its leadership in the beginning of the crisis was in the denial

mode of the long-term implications of covid-19 on health and economy. On the other hand, despite a faltering start and intense negotiations, EU was able to find consensus within its member states to cushion the EU economy with an ambitious financial aid package. The governments realised that the crisis had created an opportunity for a collective European action. The Franco-German recovery plan presented in May 2020 was hailed as the beginning of a vital new stage of the European recovery and was called a Hamiltonian Moment for Europe. However, it took a lot of negotiations and compromises to reach to the final financial package. What the crisis highlighted was the divisions between northern and southern member states over their expectations. There were two major issues of debate during the negotiations – first stemmed from divergent points of view on the conditionalities attached to the access of funds and loans under ESM. During the negotiations, deeper divisions were exposed between the northern and southern European countries with the Netherlands in favour of tougher economic conditionalities for the receiving countries. The Dutch government wanted conditionalities to look at specificity of each country and was also sceptical about “whether recipients would use the money responsibly, and their ability to stick credibly to a repayment timetable.” Hardest hit countries like Italy, on the other hand, opposed this measure and wanted these conditionalities to be as minimum as possible so that it is cheaper for them to cover the economic damage. The European leaders were able to agree to the 750 billion euro (\$857.33 billion) recovery fund and its related 1.1 trillion euro 2021-2027 budget<sup>93</sup> in July 2020 which is expected to cushion the economic impact and help repair the continent’s deepest recession since World War Two after the coronavirus outbreak shut down economies.

Similarly, it gave an opportunity to the European leadership to take effective stand at the multilateral level. Its commitment to multilateralism was at the fore when it organised an emergency virtual meeting to stimulate efforts to develop coronavirus vaccine. With representation from over 40 countries, the EU was able to raise almost \$8 billion dedicated to fund research and development of vaccine. This multilateral initiative allowed scientists to develop and produce vaccine and the funds were channelled through international health agencies like the Global Alliance for Vaccines and Immunizations (GAVI), the Coalition for Epidemic Preparedness Innovations and the World Health Organization. The push for multilateral effort was the key point of High Representative Josef Borrell’s speech at the

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<sup>93</sup>Reuters, 21 July 2020, <https://www.reuters.com/article/us-eu-summit/eu-reaches-historic-deal-on-pandemic-recovery-after-fractious-summit-idUSKCN24M0DE>, Accessed on 15 September 2020

United Nations Security Council's video-conference on 28 May 2020. He said that "COVID-19 pandemic has exposed the fragilities of a hyper-globalized and interdependent world... The world needs a revitalized multilateral system, but that will only come about if everyone in the international community invests in it... This, [is what] the European Union is doing [and] we count on those who sit on the Security Council to do its part."<sup>94</sup> Similarly, in one of his writings, High Representative emphasised on the need of working with the like-minded partners. He wrote "Europe feels somewhat lonely, trying to hold the multilateral ring. For sure we know that we need partners."<sup>95</sup> The EU has promoted that multilateralism is crucial for not only good governance and global public good, but is intrinsic in the maintaining stability in an increasingly de-stable world. COVID crisis has highlighted the fact that there is a need for collective global action rather than following narrow-nationalistic policies.

Other key issues that came into the forefront during the pandemic were the changing perceptions regarding China and increasing dissonance with the US. Even before the pandemic started to change the dynamics of EU-China relations, Europe's position towards China was shifting because of several reasons like consolidation of power in President Xi's hands, its economic policies under BRI, acquiring of strategic assets in third countries, and lack of economic reforms. The European policy towards China was driven by the idea of 'reciprocity', where the expectation was that as China would have access to the European market, EU would have the same level of access to the Chinese market. Also, EU expected China to adopt international liberal norms like human rights, rule of law etc. 2019 marked the beginning of a renewed European approach with the publication of 'EU-China – A Strategic Outlook' which called China "a strategic competitor for the EU while failing to reciprocate market access and maintain a level playing field."

During the pandemic, while the EU's responses appeared to be faltering in terms of aiding its member states, China went ahead in promoting its assistance to the hardest hit countries like Italy and Czech Republic with medical aid and expertise. Pointing out the spread of disinformation regarding the pandemic, the EU accused China of spreading misinformation

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<sup>94</sup> Amid COVID-19, Strong Multilateral System Key to Delivering for World's Most Vulnerable, European Union Foreign Policy Chief Tells Security Council, Press Release, United Nations Security Council, 28 May 2020, [https://www.un.org/press/en/2020/sc14197.doc.htm#\\_ftn1](https://www.un.org/press/en/2020/sc14197.doc.htm#_ftn1), Accessed on 21 September 2020

<sup>95</sup> 'In a world of disorder, Europe needs partners', Josef Borrell, European Union External Actions, 10 July 2020, [https://eeas.europa.eu/headquarters/headquarters-homepage/82725/world-disorder-europe-needs-partners\\_en](https://eeas.europa.eu/headquarters/headquarters-homepage/82725/world-disorder-europe-needs-partners_en), Accessed on 21 September 2020

and clubbed both Russia and China together as parties seeking to create divisions in European society. This represented the first time that China was named as a source of disinformation and the harshest criticism in recent times by the EU over handling of the pandemic and subsequent spread of misinformation by Beijing. However, what stood out during this period is that on one hand, European governments were now clearly more willing to criticize Beijing on several issues like disinformation campaign, Hong Kong, etc., they remain committed as ever to improving, not severing, relations with China. EU is keen on reassessing and re-formulating a coherent approach towards China. With the US withdrawing from its role in multilateral forums, there is a realisation within the EU that it needs to cooperate with China on various issues like climate change, reforms of WTO, WHO etc.

What is visible is that the pandemic has led the European countries to make strategic choices in terms of their partnerships. Europe's relations with the US have been severely strained under President Trump and his America First policy. Their differences on China have become extremely difficult to reconcile. While President Trump has openly criticised countries for allowing Huawei in their technology infrastructure, Europe has been unable to formulate a uniform response to the use of Huawei network. The pandemic also put the EU at the centre of US-China emerging rivalry. US-China rivalry is causing global fragmentation leading to increasing conflicts, delaying international cooperation, and damaging long-term economic stability in the wake of the pandemic. A major concern for the EU today is to not get involved in the power-struggle between the US and China. Although it is difficult for the EU to stay completely neutral, nonetheless it is of critical importance that the Union formulates its own independent policy towards China based on its strengths and weaknesses. The lingering issues like 5G network, apprehensions over BRI, spread of disinformation, issues relating to investment treaty, increasing Chinese purchases of strategic infrastructure are going to dominate the future EU-China debates. But the EU needs to start planning for a future where the US is no longer the guarantor of either European security or international order and China is an economic powerhouse backed by its enormous military might. EU has been trying to rebalance the partnership with China, with a clear message that as the world's largest trading bloc - it would not be easily pushed around. It is becoming increasingly evident that the EU is trying to balance its relations with the two partners.

The pandemic has shown that collective action at the global level is the need of the hour, despite nations favouring their inward-looking approach. The present European Commission



has put defence and reforms of multilateralism as its key priorities and the international cooperation for the pandemic as the way forward. What EU needs today is a coordinated foreign policy, an effective approach towards US-China, and expanded cooperation with the like-minded countries.

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