



# A nascent EU geopolitical leadership

*by Karel Lannoo*



Karel Lannoo is chief executive of the Centre for European Policy Studies (CEPS).

The Ukraine invasion has forced the EU to become geopolitical in a matter of a few weeks.<sup>1</sup> What seemed a faraway objective at the beginning of 2022 for the European Commission, the executive body of the EU, that of becoming a ‘geopolitical Commission’, became a reality with the adoption of several packages of sanctions on Russia, the use of the European Peace Facility (EPF) for arms deliveries to Ukraine, and the endorsement of the [Strategic Compass](#) or the EU’s roadmap towards a stronger geopolitical actor. Nevertheless, much remains to be done, and the Ukraine crisis revealed yet again deep structural shortcomings in EU policymaking, this time in the EU’s foreign, security and energy policies. A further profound change is needed if the EU wants to be a real geopolitical actor, not the locus of the lowest common denominator of the interests of its member states, or a weak international association.

Structural changes in the geopolitical domain touch upon competences and decision-making procedures, upon setting strategic priorities and the need for stronger coordination, upon resource pooling and better use of existing expertise. Europe has, through past crises, managed to adapt and upgrade existing cooperation structures, be it in finance, fiscal or health matters. During the Covid-19 crisis, the EU Commission convinced its member states that [a common response](#) in the joint purchases of vaccines was more efficient, in a

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<sup>1</sup> The author is chief executive of CEPS, the European think tank ([www.ceps.eu](http://www.ceps.eu)). Comments by Ilke Toygur, Steven Blockmans and Zach Paikin are gratefully acknowledged.

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domain that is otherwise closely guarded for EU interference. Yet it succeeded, while at the same time [exporting](#) vaccines to developing countries. The quick response to the Ukraine invasion by Russia demonstrated the capacity to react as a Union, but we should not take it as a given that [Putin's war will make the EU stronger](#). From being more inward-looking, focused on achieving a single market, the EU will need to develop the structures, instruments and mindset to become a true geopolitical actor.

The strong consensus to adopt far-reaching sanctions against Russia, by unanimity among its 27 member states, and the use of new foreign policy instruments hides the residual reluctance to become a more effective actor, given the strong differences in national foreign policies, or the often ineffective existing structures. The EU will now have to focus on this, and ensure it can act better in the future. The 'Strategic Compass', adopted by the European Council during the meeting of European leaders in the midst of the crisis in March 2022, addresses some of these shortcomings, yet much more remains to be done.

## **An unfinished Common Foreign and Security Policy**

Attempts to forge a truly European foreign policy are as old as the fall of the Berlin Wall and the end of the Soviet Union. Some thirty years ago, a chapter on Common Foreign and Security Policy (CFSP) was hastily added to the EU's Maastricht Treaty. That Treaty is better known for the foundations of European Economic and Monetary Union, which was long and thoroughly prepared. The Lisbon Treaty established the European External Action Service (EEAS), a separate EU entity led by the special High Representative for foreign policy, but its effectiveness is still a matter of debate. European foreign and security policy has not advanced much beyond numerous declarations, reflections and meetings, and a few joint missions, especially in Africa. With the exit of the UK from the EU, the latter lost out in the clout of its joint foreign policy actions, despite the fact that the former had been a major obstacle in adopting common positions.

Over the past decades, the EU has managed to become a global rule maker. The Union has set the tone for countries around the world, in rules on data protection and digital service providers, as well as on product safety or emissions. By comparison, foreign

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and security policy of the EU remain largely national. For citizens of many smaller EU countries, 'abroad' already begins several dozen miles away from a nation's capital. While the EU has made enormous progress with its single market and the free movement of people, defence policy is understood only to defend national interests. National defence policy is thus an anachronism, it is no longer adapted to the economic and general interest of Europeans. Notwithstanding repeated calls from the US, over several administrations, to increase defence spending, many EU countries put their security interests on a backburner, in the shadow of successful economic integration, only to realise now that their defence policy is out of date in the face of threats from the East.

Some would argue that EU's defence is ensured by NATO, which regained its original 'raison d'être' due to Russia's aggression. The Alliance has indeed an operational defence structure, that the EU lacks. Nevertheless, NATO is the legacy of the immediate post-war period, it relies heavily on the US, and has a slightly different and broader membership than the EU. NATO's structure is exclusively inter-governmental, limiting its operational capacity.

The EU's High Representative for foreign policy leads the EU's Foreign Affairs Council, but needs the unanimous support of the member states for most of his decisions. The EU created the European Defence Agency (EDA), based in Brussels, to help member states coordinate needs of defence material, as a preamble to a European army. Yet absent a permanent European battle force, there is not that much the High Representative can do in the realm of security.

## **The strategy of the EU's Compass**

A Strategic Compass now sets the guidelines for the EU to become [a fully-fledged security actor](#). Started in June 2019, it was finalised during the early stages of the Ukraine invasion. The compass is the EU's geopolitical awakening to a permanent strategic posture, setting for a shared assessment, targets and milestones, and new ways and means to defend the collective security of the EU. It proposes the creation of a permanent Rapid Deployment Capacity of 5,000 troops, still a small number compared to NATO's 40,000 response force (soon 300,000 under the new [NATO Force](#)

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[Model](#) agreed at the recent Madrid Summit), and the 100,000 that were proposed by the Helsinki European Council (December 2000) in the midst of the Balkan wars. The operational headquarters of the proposed EU troops will alternate.

But the Compass hesitates between European defence, or the reinforcement of EU-NATO cooperation, and the respect of the ‘specific character of the security and defence policy of certain Member States’. It aims to strengthen military control and command structures in the EU, not integrate them. It provides for reinforcement of external military missions at a moment that the appetite for such operations in member states is very low. It requests strategic autonomy for the EU when it seems that NATO is more the solution to defend the autonomy. It proposes bilateral relationships with NATO partners and Japan, but not with Turkey, a NATO yet non-EU member. Furthermore, it sets a distant implementation deadline of 2030, when the urgency is now.

If there is one element clearly missing in the Ukraine crisis, it is European intelligence, or even more capable national intelligence agencies. The debate already emerged after the chaotic withdrawal from Afghanistan, and of US’ failure to promptly inform its European partners on the Taliban comeback and the imminent withdrawal of US troops. In the case of Ukraine, the US acted to the opposite, constantly [warning](#) its European partners of the build-up of Russian troops along the border, and the imminent invasion. Russia also warned Europe in no unclear terms with its [17 December 2021 Ultimatum](#) to respect the post-Cold War order. Europe, however, was naïve and ignored the true intentions of the Kremlin, also the result of a lack of a credible intelligence of its own. That could have helped the EU take the build-up of troops on the Ukraine border more seriously, and understand Kremlin’s intentions.

The Strategic Compass proposes to boost the EU’s intelligence capacities, yet it falls short of proposing a clear structure, of indicating how the EU will achieve performant European intelligence, what governance structure is needed and what would the timeline be. It proposes to strengthen the single intelligence analysis capacity (SIAC), which depends on the voluntary contributions of member states’ intelligence and security services. It does not propose, however, a proper European intelligence agency, but pools existing information from member states’ sources, which raises the question about what is shared, and at what levels of access. National intelligence is

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closely related to the concept of national sovereignty and the perception of threats. As long as European sovereignty and its challengers are not clearly defined, the EU will lack proper and efficient intelligence, with all the risks this entails.

Cyberthreats and work on cyberspace are highlighted in the Compass, in addition to the threats of foreign interference, but ENISA, the European agency in charge, lacks the base to act as a full Europe-wide monitoring hub. Which pushes the EU to rely again on NATO, which has a track record on cyber defense matters, and it has recognised cyberspace as a domain of operations in which the Alliance must defend itself since July 2016. However, cyber is more than only virtual cyber threats and danger for critical infrastructures, it is also connected to the governance of digital space, data sharing and security rules. All are core EU competences, meaning that efforts on both sides should be well coordinated and integrated where possible, and this is not the case yet.

## **Further clarifying the EU's relations with its neighbourhood**

Four out of six Balkan states enjoy EU candidate status and are involved in accession discussions, of which two small states, North Macedonia and Montenegro, have been waiting for close to 20 years. The Strategic Compass sees a lack of security and stability in the Western Balkans, also due to increasing foreign interference, but it is precisely the EU's incapacity to offer a clear perspective to the region that supports such instability. The June 2022 European Council agreement to examine and accept the membership requests of two other states, Moldova and Ukraine, in the midst of Russia's illegal invasion, demonstrates the EU sees to its strategic responsibilities. To be achieved, the membership of current candidates requires clear time limited perspectives, and further reforms of EU's governance, but this is not very likely to be achieved. On North Macedonia, French diplomacy in March 2022 [torpedoed](#) its demands for opening accession negotiations, by requiring impossible constitutional changes to give assurances to the Bulgarian minority, thereby thwarting the hopes of the other candidates in the region. Further extension of the EU is thus on the agenda, but should not be expected very soon, even if membership negotiations have now been formally opened with Albania and North Macedonia.

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The Compass misses the opportunity to propose a new security architecture for Europe, or is the time not yet ripe for this? It does not explain the relationship with PESCO, the structure for defence cooperation created by 25 member states five years ago. The purpose of OSCE for broader European security is also not addressed. Given the Ukrainian invasion by the crucial member of the OSCE, is it better to abolish it all together than to keep it dormant for a few decades, or to absorb it within the broader concept of European Political Community (EPC), which President Macron launched during the French Presidency of the EU Council, in the first half of 2022, but which requires substantiation. The first EPC meeting in Prague on 6 October with 44 European states was a [success](#), mainly as it met as a united front against Putin's Russia.

Relations with China are not elaborated on in the Compass, constituting the biggest missing theme. The future of EU-China relations has to be faced, given the deep commercial relationship between both, and the mutual dependence, as is the case between the US and China. Since the conclusion of the China-Europe Investment Agreement (CAI) at the end of 2020, relations have rapidly deteriorated, with the blacklisting by China of a group of politicians and intellectuals, the coercion against Lithuania, and the backing of Russia in its war with Ukraine. The EU has started to consider whether China could act in a similar way as Russia, and use economic weapons against Europe, and is now more carefully examining these dependencies.

## **The integration of Europe's diplomacies**

Joint intelligence starts with unified European diplomacy. As compared to other blocs, Europe has the [highest number](#) of diplomats and diplomatic missions in the world. It has national diplomatic services and a dedicated EU one, the European External Action Service (EEAS). Within national diplomatic services, the large majority are involved in bilateral relations, much less in EU related matters, which is, although highly regarded, seen to be very technical and complex. But European diplomacy is a big spaghetti, with no central clearing house of information, unclear command structures and confusing reporting lines.

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In times of a major security crisis, as the one we are witnessing today, functional diplomatic services under a central command are crucial to ensure common intelligence sourcing and common actions. Yet member states work under blurred communication lines, in both a national and, in certain cases, European context. It is to be questioned whether all foreign affairs ministers, when returning from the monthly Foreign Affairs Councils in Brussels, mandate correct translation of the EU's decisions in the national administration, and act accordingly.

Take the bilateral negotiations of European leaders with Putin during the first months of 2022: is there any structure for advanced notification and approval of such meetings, and de-briefings in an EU context? Or take the case of Brexit and the UK's attempts to cement bilateral relations with EU member states: are there any guidelines from the EEAS? European diplomacies still live in a state of reputational competition, where larger countries prefer to go alone, whereas smaller countries, the large majority, see more advantage in structured cooperation, and do not want differentiated integration. As with the creation of the European monetary system over 30 years ago, which led to the creation of the ECB and the euro, an initiative is needed to inspire the structure of a truly integrated European diplomatic service, with clear hierarchies, information sharing, and decision making. Structures indeed exist in the EU Council and the EEAS, but they need to be re-appraised, [move beyond the think tank mode](#), clearly layered, and empowered.

## **The weaponisation of finance and energy**

The sanctions against Russia (and Belarus) for its illegal invasion of Ukraine demonstrate that joint action is possible and effective, even as it requires unanimity among EU foreign ministers. The first package adopted on 27 February 2022 proved to Russia that joint action was indeed possible. High on the list is the freezing of international assets of the Russian Central Bank, as well as those of large Russian corporations and wealthy individuals. The pace should have been maintained as the atrocities of the war amplified, and this has proven more difficult lately, due to Europe's vital dependence on Russian energy, and the lack of unity among the 27. An effective use of the frozen assets for Ukraine's reconstruction will require special

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structures for confiscation, and this will become very complex, given the diversity of national laws.

Central in the package is the SWIFT ban for banks, used successfully against Iran in 2012. Nevertheless the ban remains incomplete to date, after the eighth package adopted at the end of October, with the largest Russian bank, Gazprom Bank, still left out of the ban for the sake of gas payments. This can be circumvented with other forms of messaging systems, other payments schemes, or through banks excluded from the SWIFT ban, which also include EU banks active in Russia. More recently, the EU has prohibited all transactions with Russian citizens, also with securities based in EU depositaries. As such, the EU has discovered the strength of its unified legal framework for securities transactions and custody. The priority is now to make the sanctions work and ensure they are applied consistently in the EU member states. So far, limited evidence points to scattered implementation and enforcement, and limited overall impact on Russia's economy.

The use of oil and gas as a weapon by President Putin was the biggest surprise of this crisis on the European side. It again demonstrated Europe's lack of strategic thinking on a crucial resource and its dependence on a rogue state, despite the evidence of the dangers of such situation since over the half a century. Until today, the large majority of EU states have not thought strategically enough about energy supplies and autonomy, and most of them still have very limited reserves. Energy supplies are of national competence, and the EU has now mandated minimum reserve levels, and common gas reduction targets. Yet a common policy was not in place before, with the EU apparently blindsided by its desire to decarbonise energy sources, and bound to discover its huge dependence on Russian gas (40% for Germany) when it was too late.

What is to be done about energy supplies in the midst of the crisis, in the knowledge that such dependencies cannot be reduced rapidly, and that there is the commitment to decarbonise to limit global warming? Reduce energy consumption in the short term, get shipments of LNG gas instead of Russian piped gas, and phase in renewables more rapidly. Tax Russian gas, or have a price cap, to accelerate the decline in its market share, and assist member states in exploring other resources. Europe, unlike the US, has a major problem, and the high cost of energy is leading to major economic disruptions in Autumn-Winter 2022-23, with all the consequences this entails.

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Much of the ineffectiveness in Europe's foreign policy is related to a lack of clarity in the division of competencies, or to the governance system that requires unanimity. EU leaders such as Macron and Scholz began to refer to European sovereignty, but in foreign, defence and energy policies the competence rests at national level. As long as this will be the case, this will be exploited by foreign powers to disable the EU member states from taking common positions. The strongest EU actions against Russia are in those domains where the EU's competence is clearly set: finance and trade. This should be a lesson for EU leaders.

For outsiders, developments within the EU are often obscured by a myriad of terms, initiatives and reports, which make an assessment of its state and prospects very difficult. Russia's illegal invasion of Ukraine has been an awakening for the EU and its member states, forcing them to react strongly and jointly. To become a real geopolitical actor, however, much work is left for the EU, starting with the creation of a truly integrated EU diplomacy, an EU intelligence, but also the governance structures to make them function properly. This will be even more important as the EU is back on a very difficult expansionary course.