

# Enhancing Europe's Global Power: A Scenario Exercise with Eight Proposals

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## Abstract

In the present context of intensifying competition between the major trading economies and potentially game-changing technological developments, the European Union is generally seen as the weaker party. Lacking the 'hard power' derived from military capabilities, it has laid claim to a 'soft power' of normative influence externally, yet even that is only partially utilised. Nor has Europe been able to exercise the power to coerce – 'sharp power' – commensurate with its economic weight as a trading bloc equivalent in size and reach to the US or China, its most prominent global competitors. How can Europe strengthen its position, and in what fields? Through a scenario exercise, we develop eight policy proposals aimed at countering Europe's vulnerabilities and enabling it to assert its sharp and soft power more effectively. Specifically, we consider the feasibility, means and scope for their realisation. Together, they provide a transformative agenda for the EU's position in the world.

## The challenge

In an increasingly turbulent world, characterised by intensifying competition between the major trading economies and potentially game-changing technological developments, Europe is generally seen as the weaker party. In a sporting metaphor, it 'punches beneath its weight' and fails, too often, to utilise the power it ought to have as an economy of roughly equal size to the US and China. Lacking the 'hard power' derived from military capabilities, it has laid claim to a 'soft power' of normative influence externally, albeit with questionable success. Europe has also been unable to impose its will globally, compared with the US and China, its most prominent global competitors, despite having an equivalent economic weight as a trading bloc. Instead, it has left itself vulnerable to secondary sanctions, especially from the US, and appears to be losing influence to China's Belt and Road Initiative. This is in a broader context of the EU lacking an effective strategic overview of its interests vis-à-vis other regions and states.

This paper assesses the EU's vulnerabilities, as well as its potential leverage, in relation to the external world. It examines whether a transformation in Europe's deployment of power can be achieved by 2030. A 'back-casting' approach to exploring these matters was adopted, a version of foresight methodologies (Van der Heijden, 2005; Wilkinson and Kupers, 2014), in which the goal for 2030 is defined and the pathway to attaining it from today's starting-point is investigated.

The notion of power is critical. Using the dichotomy developed by Nye (2004), the US has epitomised 'hard

power' through the strength and reach of its military. As championed by Europe 'soft power', is the ability to project values and norms on to the global stage, without relying on force or coercion. Soft power is based on attraction, created by a country's policies and political ideas. More recently the notion of 'sharp power' has come to the fore (Walker and Ludwig, 2017). Originally thought of as the means by which authoritarian governments seek to impose themselves on the democratic institutions of others, 'sharp power' can arguably also be thought of as the use of coercion (but stopping short of violence), to persuade other countries to follow a desired path. The ability to coerce, for example by imposing sanctions others are obliged to follow, can be associated with 'market' power (Damro, 2012).

## Approach

We envisioned a preferred outcome scenario with Europe as a self-confident and united market power offering, a democratic and socially inclusive alternative globally. As part of the back-casting approach, we asked what measures would be needed to make Europe a champion of economic growth with high-quality employment, open trade with equitable access for those outside the single market or customs union, and a rule-based order with norm-setting ambitions, enhancing and further developing today's multilateral order.

How can Europe realise this vision? What are the strong and weak signals that point to developments in one direction or another?<sup>1</sup> Which constraints are to be overcome, what capacities need building and expanding, what reforms are needed, and what stands to Europe's advantage? How

can Europe exploit its advantages and overcome obstacles in realising this vision, given persistent difficulties, even open conflicts and failures, to reconcile profound tensions in key fields? These include:

- managing migration challenges, for example, moral ambiguity of outsourcing migration management to Turkey;
- technological, for example, Europe struggling to keep up with technological giants like Google, and China making huge advances in robotics;
- economic, for example, procrastination in solving long-standing problems in the Eurozone;
- military/security, for example, most EU countries not meeting NATO spending targets, and lack of coordination among European armies;
- political, for example, Europe's self-proclaimed understanding of itself as a democracy, but tolerating illiberal and populist tendencies internally;
- ecological, for example, outspoken commitment to the Paris Agreement, but falling behind in meeting agreed-upon targets; and
- values, for example, the Copenhagen criteria<sup>2</sup> and commitment to inclusive societies challenged by resurgence of nationalist values and identity politics.

We made several assumptions to allow us to focus on the main question of how Europe could realise the vision of a self-confident and united market power offering a democratic and socially equitable alternative globally:

- The polycentric world will remain for the relevant time frame, with the US, China and Europe as the main centres. While seeking to expand their respective spheres of influence, there will be increased competition between all three.
- In the face of increased external threats and tensions, European integration will either lead to some reconfiguration, differentiated integration or simply 'muddling through'. The European Union, however, will not break up, notwithstanding the United Kingdom's withdrawal.
- Major military conflicts are unlikely, but not impossible; the nature of conflict will change profoundly, with less 20th century state-on-state conflicts, but increased hybrid warfare.<sup>3</sup>
- Domestically, socio-political tensions within countries will rise, democratic systems might come under pressure and political consensus harder to reach.
- Migration will continue, even intensify, but there will be no new massive influx of migrants into Europe, such as seen at the height of the Syrian Civil War in 2015.

While many policy fields come into focus for the back-casting scenario, we selected three because they are directly related to the EU sharp and soft power. These policy areas are likely to become highly relevant in the context of the next phase of globalisation. From the late 19th century until the First World War, and again from mid to late 20th century, globalisation was about what countries could produce best (in terms of end products). More recently, the focus

shifted from end products to the intermediary steps of global value chains and 'functions' (software, marketing, design, etc.), a shift termed 'globalisation 2.0'. As analysed by Baldwin (2016), the combination of widely diffused technologies and low wages has favoured certain emerging countries, often at the expense of mature economies, engendering convergence, in contrast to the divergence of the prior globalisation phase. The increasing reliance of Europe on diverse service industries is one consequence and it presents countries with unprecedented policy challenges in their efforts to maintain reliable growth and social cohesion.

Importantly, such policy fields involve critical decisions, and are indicative of the EU's under-utilisation relative to the United States and China:<sup>4</sup>

- Trade and investment – a policy field of critical importance given heightened tensions.
- Creation and control of knowledge – a field of growing significance but which is also highly contested.
- Ownership and Regulation of data – a field that epitomises fundamental differences in underlying values, objectives and approaches.

The scenario exercise had four stages. In the first, we prepared background documents and questions covering the policy fields above. The second stage was a workshop bringing together a group of distinguished experts in these fields to explore areas in which Europe had the potential to boost its use of soft or sharp power. These experts, twenty-two in all, included academics and 'think-tankers', officials from EU institutions, and specialists from business and the media. We then refined the outputs from their deliberation – which had been mediated by scenario facilitators – into ten policy proposals. These were then subjected to validation, in a third stage, by a group of experts (twenty participants, mainly drawn from think tanks and the policy world) convened in Washington, thereby providing a US input, and by questionnaires sent to both Asian and US-based specialists in the policy fields covered, eliciting twenty responses. A fourth phase involved a major revision leading to the eight proposals presented in this paper.

## Eight measures

Some of the measures we identified are mainly at the sharp power end of the spectrum, while others are squarely in the European tradition of soft power. They are, starting with those at the sharper end and finishing with the softer:

- Internationalisation of the euro.
- Expanding the EU's capacity to impose trade sanctions.
- Building on GDPR to establish a data ratings agency, making Europe the global leader in data protection.
- Promotion of new technologies through targeted investment and 'smart' clustering.
- A modernised competition policy to reflect strategic European objectives.
- Developing a 'digital silk road' to amplify connections with neighbouring countries.

- Strategic extension of the Erasmus scheme.
- Furthering the global role of European values and cultural assets.

The prospects of the eight areas are summarised in Table 1 and presented in more detail below. A concluding section identifies lessons for how to proceed, again drawing on insights from the validation exercises.

## Internationalisation of the Euro

### Proposal

To accelerate the internationalisation of the euro, including by raising its share of usage by other countries as a global reserve currency, and fostering more extensive use of the currency for invoicing and as a unit for transactions.

### Rationale

Despite being a relative newcomer, the euro already has a substantial international role as a reserve currency, but it lags a long way behind the US dollar in this regard. The share of the euro in global official reserve holdings has hovered around the 20 per cent mark for many years, just edging upwards in 2018. But the dollar share, though slipping slightly, is still over 60 per cent, and it remains the main reserve currency (European Central Bank, 2019). In other respects, too, the dollar far outweighs not just the euro, but all other currencies. The dollar is by far the preferred unit for transactions, with only negligible proportions of trade not directly involving the EU invoiced in euros. Even for EU exports to the rest of the world, the US Dollar is the currency mostly used: 45.4 per cent of trade is invoiced in US Dollars, compared to 41.4 per cent in euro (Eurostat, 2019). For Europe to achieve greater sharp power, a move to bolster the euro as a leading reserve currency would greatly enhance its economic standing and influence.

### Measures

In the early years of the euro, an international role for the euro neither commanded comprehensive support nor appeared realistic. There is now evidence of a willingness to overturn this previous ambivalence, with the European Commission (2018a, 2018b) setting out potential initiatives, supported by analytic policy briefs (for example, Montoya and Buti, 2019). Achieving further reform of the architecture of European economic and monetary union is essential. Key requirements will include completing the banking union, significant progress on advancing the EU capital markets union and the establishment of a European safe asset. Although markets will, ultimately, determine usage of the euro for transactions, the EU can use its market power to develop a strategy to reduce the share of dollar invoicing in key sectors, such as energy. To avoid or reduce the impact of retaliation, the SWIFT financial messaging service should be shielded from US influence by pushing for its political neutrality, that is, through an agreement between IMF members that guarantees its independence (Geranmayeh and Rapnouil, 2019).

### Conditions

To be credible in an international role, a currency needs to be underpinned by an effective central bank, able and willing to undertake the day-to-day management of flows of money. But while the ECB has manifestly enlarged its role since the years of crisis, it has to respect both the treaty and member state political constraints. In addition, the EU would have to overcome perceptions among financial actors of three sorts of barriers identified by the ECB: an inability to provide stability both domestically and internationally; the limited depth and liquidity of euro area financial markets; and Europe not speaking with one voice on international matters. Lack of coherence is not confined to financial matters, manifesting itself also in security and foreign policy.

### Feasibility

While reforms of the Eurozone can help to internationalise the euro, there are far from negligible external hurdles to overcome. Given its propensity to use the dollar as a coercive foreign policy measure, the US is likely to resist the development of other reserve currencies and will want to sustain the dollar's fundamental role in global financial markets and payment systems. Growing acceptance of the need for a euro safe asset (perhaps along the lines of the 'purple' bond suggested by Bini Smaghi and Marcussen, 2019; or one of the proposals examined by Leandro and Zettelmeyer, 2019) suggests this will become a reality soon.

A clear message from experts in the US was that a step-change in the role of the euro remains unlikely. At the same time, China has recently sought to promote the internationalisation of the renminbi and, though starting from a low base, can be expected to compete with the EU to boost its currency's international role. Nor does the US face direct pressure to diminish the global role of the dollar – in contrast to early post-war years when the UK had little choice about curtailing the use of sterling as a global currency – and must therefore be expected to resist incursions from the EU and China.

### Benefits

These will be both economic and political. For Europe, as an economy with a comparable economic weight to the US in the global system, harnessing some of the dollar's advantages has long seemed a desirable goal, capable of bolstering internal monetary sovereignty and lowering borrowing costs though reduced political risk. This would be complemented by reducing the exposure of European financial intermediaries to US 'weaponisation' of the dollar (Fleming, 2019). Increased international leverage of the EU via the euro creates increased 'sharp power' for Europe to pursue its long-term interests. This would come from drawing third countries more into its sphere of influence and from giving a credible alternative to what some see as the 'TINA' (there is no alternative) nature of holding reserves in dollars via T-bonds, irrespective of risks and rewards. In this regard, voices in the US have argued recently that an increased role for the euro as a reserve currency would also benefit investors across the world, including in the US. Although the

**Table 1.** Summary of eight proposals to enhance European sharp and soft power

Proposal	Rationale	Measures to enable it	Conditions to meet	Feasibility	Benefits for EU power
Internationalisation of the euro	Challenge to US\$ 'privilege'; greater monetary sovereignty	Completion of EMU, especially banking union; need for euro safe asset; capital markets union	Concerns about expanding role of ECB beyond what member states can accept; market scepticism	Slow progress possible; creates some obligations; challenge from China	Boost use of the euro as reserve currency and unit for invoicing
A more assertive use of external trade sanctions	EU is under-utilizing its sanctions options; it also needs to strengthen its capacity to resist secondary sanctions	Empower Commission in coordination and monitoring; exploit EU vote share at IMF	Overcome constraint of need for Council unanimity; to shift from reactivity towards the US to a more proactive stance	Rests on political will to develop a geostrategic vision; need to revise its own governance, take parallel measures	Protect and project the EU's trading interests; stronger sense of identity and purpose geo-strategically; reduce vulnerability to secondary sanctions
Data rating agency: GDPR with teeth	Further developing GDPR and raising citizen awareness of down-side of inadequate data protection standards; curbing corporate control of data	Creating a data rating agency, comparable to credit rating agencies	Coping with backlash from multi-national corporations	Demanding, given likely backlash from global actors subject to rating	Projecting standard- and norm-setting power globally
Smart clustering innovation	Overcoming lack of scale and scope for bringing innovations to market	Proactive identification of investment and market-making opportunities	Political willingness	Demanding, given, national interests and institutional inertia	Becoming the world leader in new and growing markets in highly innovative fields
Modernised competition policy	Reconciling pro-competitive and strategic dimensions of industrial policy; achieving greater market power	Facilitating EU champions in globally significant industries and emerging technologies	Definition of boundaries; risk of favouring insiders; how to enforce; poor track record of public sector in 'picking-winners'	Trade rules restrictions; few direct costs	Enabling emergence of global leaders in new technologies; market power
Digital development initiative	Counter-initiative to Chinese digital silk road	Combination of public and private funding	Own digital infrastructure has to be developed first	Difficult to achieve rapidly, considering current efforts	Increasing EU's soft and sharp power through standard setting and containment of Chinese influence
Erasmus Global	Building on the success of ERASMUS and ERASMUS+ to attract highly qualified talent and build alumni pool; Erasmus Global as a strategic tool	Legal frameworks to stimulate investments	Additional funding needed	Large financing gap	Soft-power cultural influence; enhance human capital in Europe
Culture Europe	No EU agency fit for purpose to promote European values and realize cultural assets	Relevant streams and themes; opening up to new countries; creating and managing alumni network	Significant new resources; address shortcomings in university networks in Europe; overcome institutional barriers	Sensitivities in intruding on to existing national spaces; intelligence-use	Europe as a coherent soft power with convincing narrative

euro will remain the second international currency, it has a reasonable prospect of slowly eroding dollar dominance, but there should be no illusions: it will still lag behind by 2030. Even those in Brussels in favour of the idea acknowledge the difficulty of securing the internal consensus essential to making progress.

### Trade sanctions reform

#### *Proposal*

To deploy trade sanctions more effectively in order to serve the EU's strategic international interests.

#### *Rationale*

As an economy of comparable size, the EU has a strong interest in being able to act independently, and to avoid being subject to obligations to conform to sanctions imposed by others when it rejects the underlying premise. China has increasingly used coercive economic measures, such as restricting trade and encouraging popular boycotts, to punish countries that undermine its territorial claims or foreign policy goals (Harrell et al., 2018). Leveraging the power of the dollar and its market power, US sanctions are highly effective. As seen in the case of the Iran sanctions after US withdrawal from the JCPOA, US sanctions have driven EU companies out of Iran after being threatened with penalties or loss of access to the US market (Geranmayeh and Rapnouil, 2019).

Unlike China and the US, Europe is underutilising its potential arsenal of sanctions. While the EU currently has more than 3,500 sanctions against entities or persons in over 30 countries in place (Council of the European Union, 2019, with own calculations), there is little indication of an overall strategy; rather, except for a focus on terrorism prevention, they seem more like ad hoc actions.

#### *Measures*

To foster a common European sanctions regime, member states should authorise the Commission to improve national coordination of sanctions enforcement. Various means of empowering the Commission to act in this area, on behalf of member states, are essential pre-conditions to realising the EU's leverage.

At the international level, the EU can exploit its voting share within the IMF (29.6 per cent) much more effectively, and especially when considering the comparatively much smaller US voting power of 16.5 per cent. A relevant case is the EU's response to the threat of secondary sanctions from the US. The latter threatened to disconnect European firms from the SWIFT financial messaging service, as was done with Iranian banks. The EU could push for an agreement between IMF members to keep SWIFT as an independent and politically neutral financial messaging service that cannot be subject to unilateral measures, except for UNSC sanctions.

Similarly, there is an opportunity to build on the cooperation between the EU and China in trying to improve the functioning of the World Trade Organisation, and thereby

strengthen the global sanctions regime. A recent proposal (along with India, Canada and a number of other countries) to resolve the impasse over dispute settlement caused by the US blocking of appointments to the WTO's Appellate Body is an example of how robust American use of power can be countered.

#### *Conditions*

A major barrier to more effective resort to sanctions to improve sharp power is discord among EU member states. As they are responsible for the enforcement of sanctions, the Commission is restricted to monitoring and supervisory tasks.

Another important barrier is the EU's asymmetric interdependence with the US. The EU mostly uses sanctions in cooperation with the US (Biersteker and Portela, 2015), which can incentivise third countries to privilege their direct negotiations with Washington rather than the EU, yet the US has repeatedly demonstrated no qualms about acting unilaterally.

#### *Feasibility*

Realising its full trade leverage will be a major challenge for the EU. It rests on the development by the EU of a stronger political will to act in concert. This presupposes much: a shift away from the unanimity rule in the Council; the greater empowerment of the Commission (to monitor, to act); and, more generally, the EU acquiring for itself a stronger geostrategic vision. Even then, its leverage is likely to be dependent on parallel measures (notably, the euro as a reserve currency – see above). Whether these conditions can be met is a great 'known unknown' – requiring self-reflection and resolve.

Perhaps not surprisingly, there was much scepticism from our US and Asian experts as to the feasibility of the EU exercising 'sharp power' via trade sanctions, since the EU has hitherto been mostly reactive. Some US experts questioned whether the EU could realise the capability to act like Washington or Beijing in this regard – it is not a single state actor, unlike them, nor can it deploy similar military (hard power) threats. Moreover, its leverage would probably depend on the euro becoming a more heavily used reserve currency. Asian experts similarly doubted the EU's capacity to act, while also highlighting that the effectiveness of sanctions can often be undermined by their circumvention via trade loop-holes. Feedback from EU officials included concerns about how recent trends in certain national democracies might undermine the EU's moral authority.

#### *Benefits*

Exerting leverage via the effective deployment of trade sanctions can protect and project the EU's trading interests in an unstable international environment, while also underpinning the values Europe seeks to advance globally. It would oblige Europe to reconsider the balance between reactive (defensive) or proactive measures in the context of a currently fragile multilateralism.

More generally, it can foster a greater sense of its own geostrategic interests and vision, more so if it facilitates cooperation with other like-minded powers. The latter can produce benefits both within the member states and externally – establishing a stronger sense of identity and purpose. Equally, it would need to sustain that independence of view in the face of possible counter-threats from rival powers, who may be intent on pursuing 'divide-and-rule' tactics.

### **Sharpening GDPR's teeth: establishing a data rating agency**

#### **Proposal**

To create a European data rating agency with a mandate, and the capacity, to evaluate and assess privacy standards of algorithms and software. This feeds into the narrative of the EU as global champion of privacy protection, which enhances European soft power. But the proposal would also enhance its sharp power through the enforcement of privacy standards, thereby pushing other countries and global actors to comply.

#### **Rationale**

In May 2018, the General Data Protection Regulation (GDPR) entered into force. It establishes a common set of data protection rules for all companies operating in the EU, regardless of their origin. It has the potential to become a foundation on which the EU can build to establish global standards for, among other objectives, citizens' rights to privacy and control of data.

In a recent Special Eurobarometer survey, only one in five Europeans said that they are always informed about the conditions attached to the collection and use of their personal data online (European Commission, 2019b). Forty three per cent have never changed their privacy settings on an online social network because they trusted the platform (European Commission, 2019c). This trust, however, might be misguided. In 2018 alone, the collection and use of data has been at the centre of many corporate scandals: from Cambridge Analytica's efforts to exploit data in an effort to personalize campaigning measures to 'bugs' in Google's social network, giving third-party apps access to private data from at least 500,000 people (Cyphers and Gebhart, 2018). Several major corporations have had their data security breached, putting customers' identity data at risk. Citizens should therefore be wary of trusting companies to handle their data responsibly and ensure privacy at all times.

Easing the identification of privacy levels attached to programmes and services helps citizens to understand how cautiously their data are processed – beyond the standards set by the GDPR. This could be realised by a privacy rating issued by a data rating agency, perhaps comparable to credit rating agencies.

The GDPR is already a compelling example of how Europe is utilising its market power and setting global standards on data protection and privacy. Other countries, such as Japan, had to set up specialised agencies to comply with these

new standards (Scott and Cerulus, 2018). GDPR is also being felt by tech giants, as users have filed an increasing number of complaints with, for example, the Irish Data Protection Commission – up to 56 per cent more compared to pre-GDPR times (Lomas, 2019). Establishing an agency that rates privacy levels beyond GDPR standards is an elegant way to further these standards and extend Europe's influence. What the US is for credit ratings, Europe can become for privacy.

#### **Measures**

A rating agency charged with the assessment of privacy and data protection of software and algorithms used by corporations needs to be created. The assessment should result in an easy-to-understand rating that allows users to understand the privacy risks associated with the respective digital services. It would also ease enforcement by national authorities, as frequent user complaints combined with a low rating could trigger fines and demands for improvement.

#### **Conditions**

Business models of many companies today are based on the collection and processing of their users' data. These companies are likely to oppose any efforts to establish an agency that evaluates the privacy level of their software and algorithms. Successfully dealing with this opposition is a crucial condition that has to be met.

Another condition concerns funding: a new organisation will need financial resources to set up operations and sustain them. Extending the parallel with credit ratings agencies, an obvious option is to charge data holders. Coordination with data protection authorities will also be necessary, as these authorities are the main points of contact for citizens who seek advice on data protection issues.

#### **Feasibility**

Setting up the agency will require the EU to be forceful in making demands on other global actors, perhaps (in extremis) by threatening curbs on access to EU markets – which is fundamentally a continuation of efforts started with the GDPR. Given their substantial stakes in digital service industries, resistance especially from China and the US is to be expected. Both might well retaliate by restricting market access for EU companies. Affected companies might pressure their governments to withdraw support for the agency. Yet, similar problems were solved when the GDPR was initially rolled out. There will, too, be a need to emphasise the benefits to EU citizens and to explain to people in other countries why data protection matters. However, since privacy-related corporate scandals are legion nowadays, this will not be a particularly complex endeavour.

#### **Benefits**

Developing this capacity would enable the EU to defend and project its standards in the global economy, enabling it to be influential by being ahead of the proverbial standard setting curve, and thereby to shape both market developments and consumer protection. Thus, the EU would increase effective enforcement of its standard and norm-setting ambitions,

giving the bloc a stronger grasp over technology-related aspects of human rights, especially privacy. The EU can establish itself as a leading actor in the field of data ownership and regulation, in contrast to competing models such as the surveillance capitalism commonly found in the US. This is also attractive to others: affiliating yourselves to the (new) shining city upon the hill has been, and will be, a substantial source of soft power for many countries.

Additionally, as companies are interested in receiving the top rating, it would be reasonable to expect overall privacy standards to be raised.

### Smart clustering and market-making

#### Proposal

To foster competitive technology companies of high market potential through smart clustering around strategic investments in innovations and value chains.

#### Rationale

Europe is not taking full advantage of the many opportunities spawned by the developments of new technologies. Despite growing investments in research and training, and despite a higher concentration of relevant PhDs than the US, innovation clusters, be they in France, Italy, Poland or other member states, are mostly neither of the scope nor scale to compete globally. What is more, China has become active in buying up know-how by purchasing European companies outright, especially in AI. Since 2008, Chinese private and state-backed companies have engaged in deals worth more than \$255bn, taking over at least 360 companies (Tartar et al., 2018). Available venture capital funding has long been inadequate to support European tech companies; moreover, it slipped slightly in 2018 and is now just over one-fifth of the US figure. But the challenge goes beyond investments alone. It requires a different approach.

Unfortunately, national innovation systems and industrial and regional policies remain too focused on member states internally, leaving their pan-EU potential widely unrealised. While biotechnology is strong in several important hubs, notably Berlin, Munich, Cambridge, and while the 'BioValley' in Germany, France, and Switzerland constitutes a successful cross-border development (European Union, 2019), they are hardly a competitor for US clusters (Terry, 2016). Likewise, London, Paris and Berlin are the AI capitals of Europe (Allott et al., 2018), strengthened by their talented workforce and a network of universities. Yet despite their national prominence, they lag far behind San Francisco, New York, Beijing and Shanghai in AI investments (Netimperative, 2018).

#### Measures

Europe needs to engage in proactive market-making to help companies in the new technologies collectively gain sufficient scale and scope. Such an innovation and economic policy would target regions and cities, across Europe, actively searching for emerging and potential market opportunities. It entails identifying innovations and seeking to link their potentials with a view to creating value chains across

clusters and across member states. These clusters can either complement each other, thereby adding scope, or strengthen existing capacities, to boost scale. Specifically:

- Encourage public bodies in potential clusters to submit proposals for *InvestEU* funds and consider ear-marking a proportion of the €650bn proposed for the 2021–27 period for this purpose. A policy of smart clustering and market-making should be implemented in priority fields such as sustainable infrastructure, AI, biotechnology and digitalisation. This should also be linked to other initiatives, such as the European Innovation Council, European Strategic Cluster Partnerships and INNOSUP (Executive Agency for Small and Medium-sized Enterprises [EASME], 2019; European Commission, 2019a).
- A more targeted funding allocation would create further synergies: cities with high concentrations of talent and low levels of investment offer an opportunity for investments. Locations with low investments offer both untapped returns and an opportunity to boost less-prosperous regions of Europe by linking them to other clusters for greater scale and scope.
- Clusters could be further linked and their synergies with the wider economy strengthened through public procurement for innovation (PPI). For emerging clusters, pre-commercial versions of PPI can help to coordinate across sectors in mobilising resources and selecting technologies.
- While major institutes like Fraunhofer and others working at the interface of basic research and its applications operate laboratories and facilities in several countries, too many of Europe's leading universities are far behind in their capacity to create spin-offs and start-up companies across borders. Horizon Europe could have a programme targeted at smart clustering and market-making by universities and similar research institutions, comparable to INNOSUP, but explicitly focused on research institutions. This funding should be focused on increasing university spin-offs (Hunady et al., 2019).

#### Conditions

EU member states differ markedly in innovation performance. Efforts to overcome fragmentation have mostly failed at the national level (Renda, 2011), and research has shown (Crescenzi and Rodríguez-Pose, 2017) that successful innovation clusters are typically highly concentrated regionally, at least initially. A pre-requisite for the success of the measures proposed here is the political willingness to create European champions even if the benefits do not accrue to all member states, let alone regions within them. Regional differences are likely to remain and even sharpen, but should be addressed by other policies. Another condition is a serious review of previous and existing innovation policies, especially in terms of their scaling and scoping record, with an overall streamlining of policies and measures in mind. Given that this is an already crowded field, institutional inertia and resistance to change may create barriers. If Europe wants to lead, it has to make way for the new. But care is needed: the public sector is not adept at 'picking-winners'.

### **Feasibility**

Given that many elements are in place (e.g., *InvestEU*, lead institutions, emerging clusters, INNOSUP) the feasibility of the proposal and the measures depends on finding potential champion clusters early on to create a momentum. Demonstrating that scale and scope conditions can be achieved through smart policies will be key to its acceptance. Other aspects will take longer and require regulatory action, for example, creating adequate corporate legal forms for smart clusters or modernising bankruptcy laws in member states.

### **Benefits**

For the EU, the benefits are ultimately higher growth and better market positioning in critical fields of research and the future economy, such as AI, biotechnology, mobility, health care or (in the light of the political priorities of the incoming European Commission) the environment. Ultimately, the attractiveness of the EU as a global leader of innovation in critical fields will enhance its power internationally. This is especially so in the face of China's fast rise in AI and biotechnology, and the protectionist policies of the United States. In this sense, the measure serves two related objectives: the future prosperity of Europe and its capacity to project power. There are challenges such as mobilising political will, overcoming inertia and securing appropriate budgets, but the ultimate success smart clusters and new markets of the future can bring to Europe may be well worth the price.

## **A modernised competition policy**

### **Proposal**

While a robust competition policy is fundamental to the single market, global competition may need a more nuanced approach, allowing strategic mergers to create globally competitive champions, a fresh look at the role of public procurement, and to restrict the acquisition and control of European assets by external corporations.

### **Rationale**

New issues for competition policy have to be confronted, especially in the digital economy. For example, the value of personal data is not reflected in the turnover thresholds applicable to control of mergers, giving rise to questions concerning the applicability of these thresholds for public intervention. In addition, it is open to question whether EU competition policy pays enough attention to the global market place and the future ability of European companies to take on competitors from the US and, increasingly, China. For example, Chinese railway giant CRRC's global market share is already 30 per cent, and its revenue is greater than Siemens, Alstom and Bombardier combined (Zhu, 2019). Although its internationalisation is limited so far, this is expected to change in the future. In this context, the proposed merger of Siemens and Alstom could have been assessed not in the context of the European market alone, but with the merged company's global competitiveness in

mind. This understanding has also recently been endorsed by the governments of France and Germany (Federal Ministry for Economic Affairs and Energy and Ministry for the Economy and Finance, 2019).

WhatsApp is another example pointing to a need for a more proactive and modernised competition policy: Facebook bought the messaging service for \$19bn in 2014. Since then, the service has become the most popular messenger with 1.6bn monthly active users. Together with Facebook's own messenger, the second most popular platform, both services reach 2.9bn monthly active users (Clement, 2019). One company is basically dominating the instant messaging market. The same is true for Google, which is used for 92 per cent of all internet searches globally, and has its mobile operating system installed on 76 per cent of all devices worldwide (Grimaldi and Kendall, 2019).

As noted above in relation to new technologies, the strategic role of public procurement has to be recognised. In both the US and China, the connections between public spending (and not just on defence) and the development of major technologies has been crucial.

### **Measures**

Current competition policy frameworks need to be reformed to adapt to new indicators beyond turnover and market concentration. Antitrust authorities need to deepen their understanding of technology and implement departments to provide advice on increasingly complex technological matters (Crémer et al., 2019). Recalling the breakup of telecoms monopolies in the 20th century, further consolidation of 'big tech' companies, namely, the 'FAANGs' (Facebook, Amazon, Apple, Netflix, and Google), should be investigated and, where there is excessive market power, restricted. Such acquisitions are prone to impair innovation and tend to result in de facto monopolies.

As a new European Commission takes shape, the clusters of directorates-general could be reconfigured to bring competition, industrial policy and trade closer together. As part of this, a review of how public procurement is regulated should be undertaken.

### **Conditions**

There is an evident tension between the pro-competitive ethos of EU competition policy, with its emphasis on assuring a level-playing field for the single market, and the strategic aim of promoting European companies globally. A political challenge is the lack of consensus across member states (Verhofstadt, 2019) on how to reconcile these objectives. A sectoral approach, rather than an all-encompassing competition policy could be one means of easing the tensions (Petropoulos, 2019).

### **Feasibility**

There are few direct budgetary implications, but for this approach to accentuate Europe's sharp power on the international stage, long-standing differences in national approaches to competition will have to be managed. Inward investment and the means by which companies exploiting emerging technologies are regulated are likely to be key



battle-grounds. It will need potentially awkward compromises and could provoke clashes with the US or disputes at the World Trade Organisation, especially if the new regulatory regime is perceived as an instrument of retaliation (Petropoulos, 2019).

Nevertheless, within Europe, there is evidence of a willingness to rethink, as the Franco-German proposal demonstrates. Among the most obvious areas to target are those at the interface between emerging technologies and both process and product innovation, alongside those where conventional boundaries (notably between industry and services) are unhelpful. In the information and creative sectors, for example, the user and the client paying the supplier are not the same entity, potentially altering the basis for competition and, by implication, possible regulatory interventions. Users of search engines, for example, do not part with cash for the service, but may 'pay' indirectly by supplying data.

### **Benefits**

By aligning competition and industrial strategy more closely, Europe can bridge the gap between internal and external influences on economic development. The ability to exercise sharp power derives in part from nurturing a well-performing economy. China's state-owned or state-supported companies are a clear example in this respect. A competition policy configured to boost innovative sectors and to avoid undue loss of control to foreign interests will reinforce Europe's economic weight and ability to shape international norms. It will need potentially awkward compromises at global level to devise new regulatory models, but there is an opportunity for Europe to lead.

### **Digital development initiative**

#### **Proposal**

To establish an EU-wide digital development initiative (DDI), comparable to China's Belt and Road Initiative (BRI), that simultaneously boosts member states' digital capacities and enhances digital connections with neighbouring global regions.

#### **Rationale**

In addition to land and sea routes and facilities connecting East and South Asia to Europe, Africa and beyond, China's Belt and Road Initiative includes the so-called digital Silk Road. A European counter-initiative is needed to provide an alternative to the Chinese one, as freeing countries from this influence will prove itself to be a great challenge. Although few details have been released so far, the BRI project encompasses quantum computing, nanotechnology, artificial intelligence, big data and cloud storage (The Economist, 2018). The initiative has contributed an estimated \$79bn to projects around the world (Prasso, 2019), although figures are contested. In contrast, the Mercator Institute for China Studies (MERICS) identifies investments of at least \$17bn related to digital silk road projects since 2013 (Eder et al., 2019). The initiative enables China to reinforce its leading position globally as an operating supplier of digital

infrastructure. In some areas, it has already made substantial progress. In the realm of 5G technology, for example, Chinese companies currently own 36 per cent of all patents worldwide. Huawei had a global market share of 24.4 per cent in 2017, making it the leading network equipment provider, ahead of Cisco (18.4% per cent) and Nokia (14.2 per cent) (Rahn, 2019).

A European alternative has the potential to allay a number of concerns around the BRI and to facilitate the EU, rather than China, becoming a standard setter, including on privacy and cybersecurity issues. There is, too, an opportunity to use DDI as part of EU development and neighbourhood policies. In defensive terms, with China having become the leading supplier of hardware and certain types of software, DDI can help to mitigate fears about security vulnerabilities (Shabaz, 2018) – exemplified in the recent disputes about Huawei hardware.

Digital infrastructure is crucial for further development and sustained competitiveness of Europe's economy, but a shortfall in the required investment has left European companies increasingly vulnerable to competition from China and the US (Heymann and Körner, 2018). Even industries in which European companies are in a leading position, such as robotics and automation, might be vulnerable to foreign competitors.

### **Measures**

Advancing the DDI will require a mix of financial resources and legal initiatives, including:

- Public and private investment to enhance Europe's digital infrastructure, while also increasing individual privacy protection.
- National and Europe-wide legal frameworks for the telecommunications sector that stimulate investments in competitive high-speed internet infrastructure. Public investments should be limited to areas the private sector cannot currently justify, such as gigabit-capable technologies (Heymann and Körner, 2018). Additional incentives should be considered for rural areas, where telecommunications companies are otherwise unable to operate profitably.
- A strategic assessment has to be conducted to identify ways for the DDI to contribute to infrastructure developments in neighbouring countries, not least regions with extensive Chinese operations.
- To extend the initiative's reach to third countries, substantial financial resources will be needed: here a link to EU international development policy would be appropriate.

### **Conditions**

The credibility of an EU-wide, and potentially beyond, rollout of the DDI is impaired by the slow and often insufficient progress of providing broadband access within the EU. A recent report blames regulatory and economic reasons for the slow progress with digital infrastructure improvements (Heymann and Körner, 2018).

The EU's own strategic goals are already at risk. As the European Court of Auditors recently found, not all the targets in the Europe 2020 strategy will be met: rural areas remain less connected than cities and the availability of ultra-fast broadband (speed higher than 100 Mbps) is 'significantly behind target' (European Court of Auditors, 2018).

### **Feasibility**

Progress will require agreement on standards and the regulatory toolkit, and will be difficult to achieve rapidly. The balance between private and public funding will also be contentious. The European Commission estimates the costs at around €515 billion to achieve the goal of a 'gigabit society' by 2025, with 5G coverage for all urban areas and along major transportation paths, as well as 100Mbps connectivity for all households (European Commission, 2016a, 2016b). The Commission further estimates a cumulative private sector investment by telecommunication operators of €360 billion by 2025, leaving a gap of €155 billion. Even with expected synergies which lower the investments needed, European level financial resources remain insufficient to fill this gap, making increased private and national public investments necessary (European Commission, 2016a). This gap is even larger if the funding necessary for infrastructure development in third countries is included. If the EU wants to become a credible actor with respect to providing digital infrastructure, achieving the gigabit society is a necessity. This initiative is likely to be challenging, but the potential rewards are considerable.

### **Benefits**

The DDI can significantly enhance the EU's soft power through establishing the gigabit society which is an aspiration for many countries. Second, pushing back on Chinese attempts to influence neighbouring countries through its BRI is a way to insulate Europe against Chinese sharp power – European companies providing digital hardware and services will in return strengthen Europe's exercise of sharp power.

## **Erasmus global**

### **Proposal**

To expand the strategic reach of Erasmus programmes to become 'Erasmus Global'.

### **Rationale**

The Erasmus+ programme aims at supporting countries to 'use the potential of Europe's talent and social assets' (European Commission, 2019c). In the EU's 2021–27 budgetary round (the multi-annual financial framework), the Commission has proposed doubling the programme's allocation from €14.7bn to €30bn, with the intention of tripling the number of beneficiaries to 12 million (European Commission, 2018b). Programme countries – the EU28 as well as North Macedonia, Iceland, Lichtenstein, Norway, Serbia and Turkey – are eligible for the full spectrum of Erasmus+ actions.

Other partner countries are subject to restrictive conditions and, in many, the programme reaches relatively few beneficiaries, although the budget for EU-Africa exchanges amounts to 14.5 per cent of the programme's entire budget. There is a double rationale for boosting Erasmus outside its main areas of eligibility. First, Erasmus and its successor programme (Erasmus+) are unparalleled in their success. To boost the EU's soft power potential, Erasmus+ should increase its reach and develop into '*Erasmus Global*' to realise significant strategic gains. Second, it can strengthen Europe in the global battle to attract mobile skilled workers, by show-casing the continent's attractiveness.

### **Measures**

While *Erasmus Global*, as its name suggests, should potentially have global reach, the EU should target regions and countries strategically, and employ resources accordingly, both financially and thematically. The immediate neighbourhood of Europe, from Russia to the MENA region, should rank high on the list, but the United States and China, as main competitor countries, should not be neglected. Beyond that Africa and Latin America could come into focus, also to counter Chinese advances in the context of the Belt and Road Initiative.

Depending on the country, *Erasmus Global* can consist of four streams – academic/ science, professional/ vocational, arts and culture as well as innovators and entrepreneurs – in order to attract foreign brain capital. The exchange programmes (staff and students) need to be accompanied by thematic programmes, which educate participants about the EU and its role in the world, as well as to foster discussion about European values.

An integral part should be an alumni network to help sustain a personal connection between alumni and the programme – similar to the Fulbright alumni programme. This alumni network should be strategically managed and resourced to make sure that European interests are supported locally as well as regionally.

### **Conditions**

The EU has a strong base on which to build, given the attractiveness of its universities and the success of the ERASMUS Programme to date. But Europe must also recognise the increasingly competitive challenges its university sector faces from around the world. Fortunately, the EU has taken steps to further strengthen its infrastructure and skills by funding a European university alliance, which intends to strengthen the mobility of students and staff and increase the competitiveness of European higher education (O'Malley, 2019). Erasmus Global will benefit from this increased attractiveness of European universities. A key challenge will be to secure additional funding for capitalising strategically on the growing alumni base to build a network of pro-Europeans outside the EU.

### **Feasibility**

The prospects for realising this objective depend mostly on the political will to support the EU taking on a stronger role

in this area. While such a 'soft power' initiative is typically less controversial than 'hard' or 'sharp' power alternatives, it requires the allocation of significant additional resources, it may be seen as intruding on long-established national programmes, and there may be international security or intelligence sensitivities. In the US, for example, universities are increasingly cautious about Chinese students, who may act for their government as an intelligence tool. A directive issued by the Chinese Government in 2016, which intends to 'harness the patriotic capabilities of overseas students', supports this notion (Bislev, 2017).

That said, our respondents in the USA and Asia viewed *ERASMUS Global* favourably. It was seen as a relatively low-cost/high benefit endeavour, offering long-term – albeit often indirect – benefits. As one put it, 'Europe has a historical base on which to build and worldwide admiration for its cultural products and influence'. Yet, the strategic utility of the proposal was questioned by some of our Asian interlocutors, with sceptics citing Japan-South Korea tensions and another Japan's 'JET' English-language programme as examples of the limits to cultural schemes of 'soft power'. Others emphasised the barriers posed by university bureaucracies in Asia.

### Benefits

Strengthening the global reach of the Erasmus Programme offers the EU an effective platform for exerting its socio-cultural influence via a growing and managed alumni network, with impacts on political attitudes and understanding, while producing linked economic gains. It allows the EU to strengthen its human capital in key areas of the economy; and to spread its own understanding of teaching and research to other parts of the world.

## Culture Europe

### Proposal

To develop *Culture Europe*, a new agency, designed to exploit cultural assets more strategically and effectively, and to project European values more widely and vigorously as a means of enhancing Europe's overall soft power and standing in the world.

### Rationale

European values, the diversity and richness of Europe's cultural heritage, and its creativity and artistic excellence have long had a powerful global influence. However, individual member states dominate external cultural policy, and advance mostly national rather than common European interests abroad, even though there have been moves toward greater collaboration in recent years. Nonetheless, European cultural policy remains insufficiently coherent and lacks a common voice. In short, Europe's unparalleled cultural assets, and, therefore, its soft power potential, are under-exploited.

While cultural policy is considered to be an important European means of increasing the EU's global visibility and influence (Triandafyllidou and Szűcs, 2017), there is

nonetheless a serious mismatch between Europe's aspirations as a world power and how it deploys soft power assets. For De Vries (2019), cultural diplomacy is the missing link in Europe's foreign policy. This contrasts notably with the more than 500 Confucius Institutes which, according to the *Financial Times* report from 1 November 2019, can exert an unwarranted influence on host university curricula. The EU's EUNIC (European National Institutes for Culture) initiative has many virtues, but cannot overcome this mismatch. More proactive steps and institutional innovation are called for.

### Measures

The core of this proposal is to establish a new entity, ***Culture Europe***, with the following objectives:

- boosting Europe's values and cultural assets outside the EU;
- cooperating with national cultural agencies to leverage both national and EU-wide interests;
- seeking greater cultural influence and advancing an understanding of central EU positions and interests in key regions around the world;
- creating greater awareness about Europe and what it stands for by establishing a global media presence and outreach, including through social media; and
- linking cultural policy to other policy fields, in particular foreign policy, but also in the fields of education, science, and trade.

*Culture Europe* would build on the EUNIC network, organised in many countries across the globe, which acts as a 'partner of the European Commission and other European institutions, in defining and implementing European cultural policy' (European National Institutes for Culture [EUNIC], n.d.).

Unlike EUNIC, however, *Culture Europe* would not be a voluntary association, and unlike a directorate general, it would be a separate, arm's length agency, accountable to the European Parliament. It would have an annual budget to match the combined budget of the 36 national cultural agencies to achieve a relevant scale, and a strategic rapid reaction fund to respond quickly when European values are challenged or cultural assets are in jeopardy. *Culture Europe* would have a physical presence in all countries and regions of strategic importance to the EU, and work closely with the various national culture agencies. The relationship between *Culture Europe* and the national agencies would be based on subsidiarity and resource parity. Both set common strategic goals, decide on priorities and areas of joined activities.

### Conditions

The mandate and the resources of *Culture Europe* have to be such that it can effectively and efficiently advance Europe's soft power, while not taking away from the aspirations and activities of member states. Achieving this balance between *Culture Europe* and existing culture agencies will be a critical condition. EUNIC already operates various programmes around the world, and with added administrative and monetary resources through *Culture Europe*, a more

coordinated and impactful strategy could be established to enhance cooperation between national culture agencies and other stakeholders outside the EU. A critical condition, therefore, is a common understanding among member states that *Culture Europe* would fill a serious gap in Europe's soft power capabilities and enhance the overall positions of national cultural agencies.

### Feasibility

The enhancement of Europe's soft power, targeted strategically to key regions of interest, seems feasible given the political will of member states to pool national and EU resources, and to entrust a dedicated agency to take the lead when needed in close cooperation with national agencies. In many ways, *Culture Europe* can be regarded as the proverbial 'low hanging fruit', that is, a step to implement quickly. Possibly forceful objections could come from member states fearing a strategic pooling of resources and new, strong mandates for *Culture Europe* could threaten their own national interests.

### Benefits

European culture is more than the sum of the various national cultures. Thus, in a world where other values and cultural systems increasingly challenge those of Europe, a more strategic, proactive and forceful approach is required. *Culture Europe* as a modern and cost-effective way to advance Europe's voice and influence in strategic countries and regions is the appropriate response to counter influence-seeking by the likes of China and Russia, and fills the void for defending and advancing Western values left by an isolationist United States. The agency would significantly add to the coherence of Europe's external policies, and strengthen the complementarity between the EU level and member states. External cultural policy can add value to other areas as well, be they trade, science or the media.

## Implications and recommendations

Europe is generally seen as 'punching beneath its weight.' Too often, it falls short of its own ambitions, takes third place behind the US and China in international affairs, and frequently lacks strategic ambitions. As a result, Europe risks falling behind these other global powers. To explore options on how to counteract this tendency, we developed a number of proposals for enhancing Europe's soft and sharp power. While each measure can certainly stand on its own merits, combining them to create synergies will add to their overall effectiveness and impact:

- Internationalisation of the euro and Sanctions. Enhancing the euro's role as a global reserve currency is an important building block for an effective sanctions repertoire. As the US is using the dollar's global importance to strong-arm countries into compliance, the EU could similarly use the euro to increase the bite of its sanctions. Triggering sanctions could involve the European data rating agency: if ratings for privacy are below a certain

threshold, companies could be denied access to European markets or become subjects to fines.

- Erasmus Global, Smart Clusters, and Culture Europe. The alumni network of Erasmus Global can be employed in smart innovation clusters, thereby effectively serving as a recruiting tool which funnels talent into relevant projects and creates opportunities to keep foreign brain capital in Europe. Alumni activities could also be supported by *Culture Europe* by providing opportunities for exchange and local outreach.
- Digital Development Initiative, Smart Clustering. The DDI could build on the smart clustering proposal by creating digital hubs alongside a growing digital infrastructure, funded by InvestEU. This would also address criticism directed at the Juncker Plan's lack of geographical diversity (European Court of Auditors, 2019), as the DDI intends to establish infrastructure across the EU. As the DDI aims to promote European standards beyond EU borders, the link could counteract China's advances in digital authoritarianism (Shabaz, 2018).

Irrespective of synergies that can be achieved by combining measures, there are several implications that have come up repeatedly and strongly in both the back-casting exercise and the validations. If, by 2030, Europe wants to become a self-confident and united market power, offering a democratic and socially inclusive alternative globally, with economic growth, open trade and a rule-based, multilateral order, these implications offer crucial lessons.

First, despite significant advances in European coordination and integration, Europe continues to be fragmented, and the sum of its parts (member states) appear less than the concord needed for enhancing its sharp and soft power, and indeed what is needed to implement the measures suggested here. This fragmentation applies both internally, but critically also to the way Europe is perceived by China and the United States, or indeed Russia. Fragmentation equals weakness, and reducing it in key policy fields should be a priority for the EU institutions, as well as the member states. A related weakness is the procrastination often visible in pursuing necessary reforms or in solving problems at home. Without internal cohesion, external power projection will struggle.

At some point, soft and sharp power advances become ineffective without being backed up with sufficient hard power. With NATO weakening, and with new security threats in Europe's neighbourhood and in cyber space arising, Europe needs to review fundamentally how hard and sharp power relate to each other. Europe needs to seek a better balance. Recent initiatives like PESCO are useful first steps, but more is needed to make the development of European hard power a pressing matter for debate and policy action across relevant EU institutions and all member states.

What is more, Europe is simply not strategic enough. Geopolitically, especially compared to China, Europe seems less focused on specific parts of the world, lacking even a coherent approach to what the Americans think of as the immediate 'back-yard', and timid in linking its strategic interests to economic interests and its values. In key policy fields,

Europe is less clear about its role and less willing to act in its own interest than the US. However, the success of the GDPR and regulatory actions to curb the power of digital near-monopolies like Facebook and Amazon have shown that Europe can act assertively, and that it will be quickly recognised globally as doing so.

This paper has identified some of the key impediments to utilising the EU's potential in its external relations. Such potential is realised when governments forgo their autonomy (and weakness) for collective gains. This will enable the EU to become more effective in meeting current public aspirations on key policy agendas – such as climate change, human rights; etc. – as signalled in the 2019 European elections, thereby overcoming the 'capability-expectations gap' (Hill, 1993). It will also place the EU in a more proactive position in the face of current trends and future threats. It is an agenda for the EU's own transformation as an external actor.

Indeed, in terms of sharp power, we suggest that Europe needs to punch above its weight when necessary, and when called for strategically. This more 'assertive Europe' should be balanced by the 'ethical Europe' of its soft power. The measures proposed here offer ways and means of achieving this vision.

## Notes

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1. Examples of strong signals are major events like the 2016 referendum in United Kingdom on EU membership or the election of Donald Trump in the same year. Examples of weak signals are: when in the 1990/2000s many oil corporations started shale gas explorations, at that time no one anticipated how pronounced an effect this would eventually have on global hydrocarbon markets; sentiments of being ill-treated by the West coming out of Russia during the 1990s, leading to Putin's rise as autocrat; declining membership in religious institutions (which already started in the 1970s) but are now changing the social fabric of European societies.
2. The accession criteria, or Copenhagen criteria are the essential conditions all candidate countries must satisfy to become a member state. [https://ec.europa.eu/neighbourhood-enlargement/policy/glossary/terms/accession-criteria\\_en](https://ec.europa.eu/neighbourhood-enlargement/policy/glossary/terms/accession-criteria_en)
3. Hybrid warfare is understood as a combination of military and non-military operations, intended to "blur the lines between war and peace, and attempt to sow doubt in the minds of target populations" (North Atlantic Treaty Organization [NATO], 2019). Amongst military forces, hybrid warfare includes disinformation operations, cyber-attacks as well as economic coercion.
4. While climate change might have been thought of as another obvious area, it is already accepted as being an area in which Europe leads globally.

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