

European View

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Contemporary regional threats and challenges in Europe

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Mikuláš Dzurinda

In a fast-evolving environment, the regional threats and challenges in Europe have become more and more multidimensional and complex. The landscape is increasingly being shaped by the international and interregional character of the challenges that Europe is currently facing, and this has become more evident than ever before. Recent developments such as the novel coronavirus (Covid-19) pandemic and Russia's war against Ukraine have profoundly called into question the EU's foreign policy and transformed the way we look at our security and policy response (Galland et al. 2022).

Russia's full-scale invasion of Ukraine is by far the greatest challenge that Europe as a whole is currently facing (Deterrence and Defence 2022). It has caused the biggest refugee crisis in Europe since the Second World War, with over 7.6 million refugees having been forced to flee Ukraine into both EU and non-EU European countries (UNHCR, Operational Data Portal 2022). Alongside the Covid-19 pandemic, recurring security threats have tested Europe's capacity for cooperation and collective action, and have also reminded us that contemporary challenges almost always transcend national borders. This means that state-level action alone is not sufficient for dealing with such problems (EEAS 2018).

In view of this, it is crucial to note that the Covid-19 pandemic and the Ukraine war have united the EU member states to an unprecedented extent. However, many gaps continue to exist. There is currently a stronger need than ever for collective European responsibility and a security system that ensures Europe's capacity to act in all situations (EEAS 2022, 14).

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The EU's Common Security and Defence Policy was created in the late 1990s with the aim of promoting security, maintaining peace and stability in the Union's neighbourhood, and preventing future conflicts. The uncertain security environment that Europe is currently facing, as well as the ongoing conflicts and crises around Europe, is evolving at an accelerating pace. At the same time, the need for Europe to respond to and tackle these challenges is also accelerating (EEAS 2021a). Through the prism of the Ukraine war, the EU's enlargement policy has come strongly into focus, giving new momentum to the desire to demonstrate the Union's influence and commitment to a more secure, stable, unified and resilient Europe.

Beyond the war, the key issues affecting Europe's security range from constant hybrid threats to climate change (Dennison et al. 2018, 1). All of these issues have found their way into the region, profoundly challenging internal security and putting the safety of European citizens at risk. According to recent Eurobarometer surveys, the majority of EU citizens expect increased security and stability, and a more unified response to the threats and challenges that Europe is currently facing (EEAS 2018). These threats have impacted both the internal and external security of European countries. The Covid-19 pandemic affected the online dimension of safety and strongly impacted the internal security of European countries. With many activities moving online, our reliance and dependence on the Internet increased to a level that weakened internal security and led to cyber incidents. As malware and ransomware attacks increased, so too did disinformation and radicalisation (Wahl 2021). The continuing brittle security environment in the region demands stronger and more unified cooperation among countries. As a result, the EU has worked to consolidate and enhance its capabilities for addressing various types of threats and challenges (EPP 2015).

With the goal of further strengthening the security and defence mechanisms in Europe, the EU's new Strategic Compass presents an advanced plan for adapting the security and defence programme. It aims to provide the necessary tools and initiatives to ensure a more coherent and stronger Union, able to tackle the security challenges expected by 2030. One of the strands of the Strategic Compass also places a special focus on securing citizens against fast-changing threats (EEAS 2022).

This issue of the *European View* focuses specifically on the regional threats and challenges in Europe. This focus was chosen with the aims of providing input on how to tackle the different security-related challenges that European countries are currently facing, and of reflecting on new patterns of cooperation. It was my wish that the articles it contains highlight some of the regional challenges that are of particular concern to certain European countries but which might not always receive the full attention of Brussels.

The authors who have contributed to this issue cover various dimensions of the security threats in Europe. These include the energy poverty in Central and Eastern Europe, Russian aggression towards Ukraine and its implications for the security order, challenges to interregional cooperation on the rule of law and the security of tourists. The current affairs section includes articles on salient topics such as radicalisation in the context of the war in Ukraine, cybersecurity, the democratic deficit, the EU's quest for

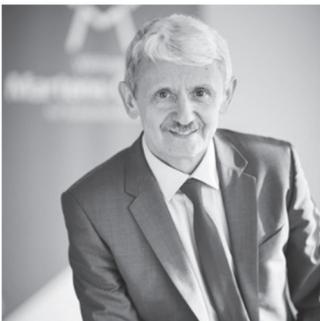
strategic autonomy, EU enlargement in the case of Georgia, climate change and EU law regarding online platforms.

As such, this new issue of the *European View* tackles one of the most important topics that our societies are currently facing. I hope you enjoy reading the rich variety of articles collected and reflecting upon approaches and tools to further strengthen the security architecture in Europe.

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Addressing the consequences of Russian aggression towards Ukraine: The case of affordable housing in Central and Eastern Europe

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Abstract

As a result of Russian aggression towards Ukraine, lowering European dependence on Russian energy has become a priority for the EU. Policy responses that address energy security have the potential to accelerate the EU's path to carbon neutrality as well as to boost the funds available for energy efficiency improvements. However, due to the escalating cost of living, many fear energy policy changes may put even more pressure on those who are already struggling to pay their bills. This article argues that for geographic, historical and political reasons, the affordable and social housing sector in Central and Eastern European EU member states is the place to start with the implementation of new energy policy goals. These countries could use funds newly made available to address the needs of Ukrainian refugees while easing the housing problem that this region has been tussling with for decades.

Keywords

EU funds, Energy finance, Energy security, Affordable housing, Emergency housing, Social housing, Central and Eastern Europe

Introduction

Soon after the start of the war in Ukraine, energy security became a political priority for many European countries. Growing inflation, including increasing energy and food prices, has brought economic insecurity even to many middle-class households. While the speedy implementation of sustainable energy and energy efficiency measures could

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be a decisive part of the solution to the current European energy challenges, many fear that the financial weight of these changes will be put on those already struggling to pay their bills. Where to start then? This author believes that the affordable and social housing sector in Central and Eastern Europe (CEE) is the place to best maximise the impact of available funds and create a positive outcome while contributing to dealing with the dark reality of war in the EU's neighbourhood.

Why CEE?

The war in Ukraine has brought many challenges. Why should housing be on our immediate agenda? First, increasing the quality of the housing stock could have a significant impact on energy savings and therefore on long-term energy security. In 2020, households represented 27% of final energy consumption (Eurostat 2020). More importantly, the residential sector accounts for 40% of EU gas demand (ACER 2022). Around 97% of housing stock across the EU does not meet a sufficient level of energy efficiency (BPIE 2017) and its improvement should be seen as an immediate priority, especially in Central Europe due to the above-average household energy consumption there (Enerdata 2021) and limited substitutes for Russian gas.

Second, CEE faces an influx of refugees from Ukraine. With 1.2 million registered Ukrainians in Poland, 380,000 in Czechia, 80,000 in Slovakia¹ and further significant numbers in Romania, Bulgaria, Lithuania and other CEE countries, the region is struggling to provide them with adequate accommodation. Quality emergency housing could later be easily turned into affordable social housing units to ease the housing problem that this region has faced for decades.

Third, EU policymakers cannot afford not to consider the housing issue of the utmost importance. Despite the high support for Russian sanctions (Globsec 2022, 35), the volume of narratives about CEE governments prioritising sanctions and humanitarian support over the well-being of their citizens is significant (International Republican Institute 2022, 7). The rising cost of living as a result of NATO members' involvement in the war is a narrative that is becoming increasingly present in Central European alternative media. The political stability of countries affected by migration, especially front-line states such as Slovakia, where the Covid-19 pandemic led to the rise of right-wing populism, is linked to the ability of their political representation to provide support in times of crisis. Without addressing this issue, it may become increasingly difficult to maintain public support for Ukraine, including for new energy security policies.

Finally, despite the fact that the economic challenges of the war and the related refugee crisis are affecting the whole EU, the situation in the CEE region is worsened by the underdeveloped affordable housing sector. Since the massive state withdrawal from housing provision and subsidisation in 1989–90, there has been little public policy interest in housing.

Specifics of the CEE housing sector

Due to restitution and privatisation policies, a significant portion of the housing stock in CEE has come into private ownership. Several countries, including Czechia, Romania and Croatia (Hegedüs et al. 2017, 23) also introduced tenant-protection laws for restituted properties to cap rent increases. For a period of time, these policies provided affordable housing conditions for mostly middle-class urban citizens, who were able to privatise their rental housing. However, those who fell through the cracks found themselves with minimal support.

Despite many citizens managing to acquire private housing through this process, the quality of the buildings was often very low due to long-term under-investment in maintenance. Moreover, the rent price cap, which in some cases had been in place for more than a decade, further prevented private landlords of restituted properties from investing in their properties. Furthermore, ‘typically the housing stock in the worst condition remained in public (municipal) ownership, and the most vulnerable households became the typical social tenants’ (Hegedüs et al. 2017, 26). In the past 20 years, renovation subsidy schemes have helped to significantly improve housing in Central Europe, albeit mainly apartment buildings. However, many private owners still find themselves locked into inefficient and costly heating systems. Alongside other reasons, the lack of development of both the affordable and the social housing sectors means that the numbers of those threatened by energy poverty in the EU member states is highest in the CEE region (ENACT 2019).

Additional burden

In the past decade, housing prices in Europe have increased by 30% (Housing Europe 2021b, 19). Although the Covid-19 pandemic, inflation and rising energy prices have affected the whole of Europe, the consequences for CEE countries have been harder to deal with than in those countries with developed affordable housing networks such as Germany or the UK. CEE middle-income groups, which cannot access the narrowly targeted and limited social housing schemes, have started to face affordability problems. Moreover, in the first quarter of 2022, house prices in the EU rose on average by 10.5% year on year. However, this increase was much higher in Central Europe (24.7% in Czechia) and the Baltics (20.1% in Estonia and 19.1% in Lithuania) (Eurostat 2022). The influx of refugees has also led to increased rental costs in affected CEE cities. For instance, in April 2022 rental prices in Poland’s largest cities were estimated to be about 20% higher than at the beginning of the year (Szymanska 2022).

Accessibility of funding

Despite a lack of data about the extent of this issue and gaps in terminology, the growing risk of energy poverty has been increasingly addressed by the European Parliament. From the Clean Energy for All Europeans package to the *Report on Access to Decent and Affordable Housing for All* (Van Sparrentak 2020), the urgency of this issue as well as its

interconnectedness with the need for investment in the energy efficiency of European housing stock are recognised across the political spectrum. The bigger problem is the issue of financing support for property owners and developers.

Among the most commonly mentioned potential financial sources are the Recovery and Resilience Facility and the Coronavirus Response Investment Initiative, created in response to the impact of Covid-19; the Social Climate Fund, promised by the Fit for 55 legislation; and more established funds, such as the European Regional Development Fund. However, access to these funds by private and municipal owners and developers—two key groups of owners in the CEE—remains limited. In other words, the money is there, but flexibility is needed. The ability to blend private and public money, the increased eligibility of private entities and public–private development projects to access this money, and improved communication and administrative support from the state level are just some of the areas where a flexible approach to the processing of these funds could untap opportunities for more bankable affordable housing projects accessible to different income groups.

It seems that the current energy crisis has increased the willingness of European politicians to tackle these issues more quickly. A great example of taking a flexible approach to the allocation of grants is the Cohesion’s Action for Refugees in Europe initiative, for which the European People’s Party Group pushed through an urgent procedure in March 2022. The initiative gives flexibility to member states to retroactively allocate unused EU funds to refugee crisis measures including emergency housing (European Commission 2022). The need for flexibility to transfer resources between the priorities and programmes of the Cohesion Fund was highlighted in a joint statement made by 10 CEE member states to the European Commission in April 2022. The flexibility issue was also recently discussed at the Employment and Social Committee public hearing on ‘The escalating energy poverty and housing affordability crisis’ on 11 July 2022, where it was raised by expert guest Ludovic Voet of the European Trade Union Confederation (European Parliament 2022, 17:07). A willingness to think outside of the box can also be seen in the Czech Presidency’s call for the expansion of local energy communities (European Economic and Social Committee 2022).

In the long term, however, the ability to allocate funds for the renovation of private housing is the key flexibility component needed and unfortunately this issue remains largely unresolved. As housing falls under national and local competences, it is mainly up to CEE member states to address this issue in their financial schemes.

Another group of EU funds which may have a positive impact on the development of affordable housing in Europe is that proposed for the Ukraine crisis response and to boost the energy security of the EU. In particular, the new REPowerEU chapters of the Recovery and Resilience Fund are focused on ending the EU’s dependence on Russian fossil fuels through several measures including installing efficient heating systems and

replacing fossil fuels in homes, the redirecting of funds to help Ukrainian refugees (European Council 2022) and the long-discussed ‘Marshall Plan for Ukraine’ (Ukrainian Think Tanks Liaison Office in Brussels 2017). Unlike the funds named above, these have a much clearer geographic focus and expect cooperation at the local level. In particular, the funds intended to assist with emergency housing in the regions affected by the migration wave provide a great opportunity to pilot new social housing projects in close cooperation with municipalities. The basic principles for emergency and social housing are similar: ‘The main question is, how refugee housing can be realized to meet the needs of inhabitants of existing cities, of the newly arriving population of refugees and of future generations, and how to develop new districts that are socially balanced and economically viable’ (Eichner and Ivanova 2018, 2). As the need for such accommodation may last for years, healthy building design, in compliance with budget limits, is a must in order to provide sustainable non-stigmatising housing stock in a way that allows social integration. Obviously, such housing is also easily convertible into social housing units. This approach has been successfully tested in the past and there are stakeholders ready to implement it in the front-line states. An excellent example of such a project is the Empty Spaces to Homes approach piloted by Habitat for Humanity, which currently partners with local authorities and socially minded land and property owners in Poland and Hungary to convert empty and vacant spaces into quality accommodation for vulnerable communities (Habitat for Humanity 2022). Another example of modern emergency housing is the module house approach implemented in 2017 by Aktivhaus in the German municipality of Winnenden (Wang 2017).

Finally, investments in the recovery of Ukraine also represent an opportunity for the CEE housing sector. The Ukrainian social housing sector was severely underfunded even before the war. With only 1% of people living in state-owned homes (2018 data) and only 72 social housing apartments in a capital of 2.8 million inhabitants (2021 data, Bobrova 2022), renovating the housing stock will be one of EU’s priorities. Post-war recovery funds will likely boost the house renovation sector in the entire CEE region, which may help new innovative solutions to enter the market. This is especially true when it comes to piloting of affordable housing solutions that can be transferred within the CEE countries. Due to similarities in housing stock, there are many stakeholders, such as members of Housing Europe (Housing Europe 2022), that are to share replicable renovations know-how in Ukraine. Such cooperation can hopefully bring more visibility to the affordable housing sector domestically and increase its cooperation with the state.

Conclusion

The war in Ukraine is creating escalating financial pressure on European households and exposes the extent of Europe’s vulnerability to energy poverty. The housing crisis is particularly severe in those CEE countries with an underdeveloped safety net for people struggling to access housing or maintain their property. The allocation of available funds to creating quality housing stock is not only a vital part of measures to increase

independence from Russian gas, but an opportunity to address a problem whose potential to undermine the resilience of CEE democracies has been underestimated for years. A redesign of housing policy is a massive task for any country, and it would be unreasonable to expect the refugee crises to trigger large-scale changes. However, the solutions that are currently being piloted by local governments and the international development sector in the affected countries could trigger the policy changes needed for the development of bankable and sustainable solutions accessible to both the most vulnerable and those on middle incomes.

Note

1. These round figures reflect the situation as of July 2022.

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The Ukraine war and the consequences for Germany's regions: Challenges and opportunities using the example of small and medium-sized businesses

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Lukas Wick and Adrien Ayrinhac

Abstract

This article will take a close look at the state of Germany's small and medium-sized enterprises, focusing on the companies considered to be the winners and losers in the Ukraine crisis. Proceeding in this way will make it possible to draw some initial conclusions from the current crisis and to link them to the next major problem that the EU will have to face: its dependence on China. Looking at how Germany's small and medium-sized enterprises are currently faring will help us gauge how the EU's economic area might be hit should an even more severe crisis occur (e.g. in connection with China). In getting started, a comparison is made with the Covid-19 crisis to clarify the severity of the current crisis and to provide a basis for understanding what is yet to come.

Keywords

Ukraine crisis, SMEs, Armaments industry, Energy crisis, Germany, China

Introduction

After the Covid-19 pandemic and its severe economic consequences, the German economy and in particular the country's small and medium-sized enterprises (SMEs) set themselves up for a period of rapid recovery. However, Germany's dependence on Russian energy sources and supply chains, which continue to be severely impaired, is

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putting pressure on SMEs. Higher transport costs due to increased energy prices, coupled with lost revenue because of sales shortfalls seem to have become an insoluble problem for the German *Mittelstand* (on which, see below). Meanwhile, companies that are generally considered to be profiting from the war, such as medium-sized enterprises in Germany's industry, do not have enough influence on the Federal Republic's GDP to keep the economic developments in the sector positive.

This article argues that the EU should pay close attention to the current negative trends in the German SME sector as it is not only the jobs engine of the German regions and the backbone of the German economy but also accounts for a considerable share of total European economic output. Corresponding measures to reverse the current trends must therefore be taken, including at European level.

To support this argument, the article will analyse the importance of SMEs for the German and European economy. It will look at particularly significant trouble spots (e.g. the energy sector) but also at the supposed beneficiaries of Russia's war with Ukraine (e.g. the armaments industry). Finally, it will draw conclusions about what lessons can be learned by examining Germany's dependencies on Russia and what these reveal about the country's dependencies on China.

Excursus: the German *Mittelstand*

The *Mittelstand* is Germany's economic and employment engine. It is the driving force behind innovations and a strong partner for large companies worldwide. Regional roots; continuity; generational thinking; and responsible dealings with employees, customers and business partners are characteristics of the *Mittelstand*.

The term 'Mittelstand' is generally used when speaking of SMEs: these employ no more than 500 people and have annual sales of no more than €50 million. Medium-sized companies also include larger companies in terms of number of employees and sales if they are owner-managed or family-run. However, there is no universal definition of the term. From a qualitative point of view, it can be considered characteristic of the *Mittelstand* that ownership and entrepreneurial responsibility are in the same hands. Currently, the *Mittelstand* employs 40.65 million people, includes 6.1 million businesses and self-employed persons, and the annual sales of the sector amount to €5.6 trillion (Rudnicka 2022).

The *Mittelstand* is internationally unique. It is fast and reacts flexibly when the market demands it. Proximity to the customer and short decision-making paths contribute to its being able to respond to entrepreneurial challenges with impressive new and convincing products and services. The *Mittelstand* is a global market leader, and it is an essential link in the value chain for the EU as well. At the same time, it is responsible for the prosperity of the German regions and makes a significant contribution to the decentralised character of the Federal Republic. Because they are domiciled in the various regions

of Germany, SMEs play a major role both economically and in enhancing the attractiveness of the federal states.

Review of Covid-19 and its economic consequences

The pandemic has set back the global economy sharply. Trends towards greater globalisation, previously thought to be unshakable, have slowed significantly. The pandemic has raised questions about alternatives, as global supply chains could suddenly no longer be maintained, causing production to grind to a halt worldwide, sales shortfalls to be recorded and purchasing power to drop sharply as a result of various lockdowns.

These developments have been strongly felt in Germany. Industry, the country's flagship, was hit particularly hard as it was either no longer able to manufacture its products or if it did, it could no longer export them. As the heart of the German economy, the *Mittelstand* has suffered in particular from the consequences of the pandemic. The business climate for German SMEs (measured as the difference between the percentage of the total number of reports that are positive and the percentage that are negative) was -22.1 points at the beginning of the pandemic (June 2020) and -13.8 points a month later (Rudnicka 2022). This surplus of negative reports continued until April 2021—in other words, for almost a year. There was a strong recovery period in summer 2021 due to falling Covid-19 numbers and the end of the lockdowns and other restrictions. This, in turn, was interrupted by a worsening situation in December, before recovery continued. Overall, however, the *Mittelstand* had significantly more negative than positive figures to report between March 2020 and February 2022.

This development was reflected in the GDP of the Federal Republic. At the start of the pandemic in spring 2020, this fell by 4.6%. Of course, other companies and trades also influenced this development, but these figures reflect the importance of the *Mittelstand* for the German economy as a whole. Supply chains to China in particular suffered during the pandemic. The German economy's links with the People's Republic therefore posed a major problem for the *Mittelstand* as China is its largest trading partner and will probably remain so in the future. The port in Bremen alone handled around €2.66 billion in trade with China in 2018 (Herr et al. 2020).

The current situation: the Ukraine crisis

With the start of the Russian invasion of Ukraine, the next crisis was imminent for the global economy. On 24 February 2022 Russia stepped across its border with Ukraine and advanced all the way to Kyiv. This action, which is against international law, caused widespread indignation in the Western world, and the EU, the US and the G7 quickly agreed the first packages of economic sanctions against Russia. Indeed, on the day of the invasion, the EU adopted its first sanctions package, with the second following the day after. By May 2022 a total of six sanctions packages had been imposed against Russia, sanctions which primarily affected the energy, financial and economic sectors. The sanctions cut virtually every economic and financial link between Russia and large parts of

the rest of the world. In particular, the exclusion of Russian banks from the SWIFT system was intended to isolate the country almost completely. For the *Mittelstand*, however, this brought about the next set of profound challenges. Russia is an important sales market for many SMEs. But under the new conditions this market was lost, along with all the expected revenue. The *Mittelstand* had last reported negative figures in December 2021 due to the pandemic and had prepared for a long period of recovery. But in fact, the opposite happened, and another period of negative results was to start with the invasion and the sanctions packages that followed. German SMEs reported results of -9.4 points in March 2022, -5.8 points in June and -15.3 in July 2022—levels last seen in the first Covid winter of 2020 (Rudnicka 2022). It is therefore clear how severely the consequences of the war are being felt in Germany.

Gas, coal and oil: the energy crisis

The Russian invasion is putting a particular strain on the production and supply of energy in Europe. Germany has been heavily dependent on Russia for oil and gas. In 2020, for example, Germany purchased 55% of its natural gas from Russia. Since the war began, this dependence has become more problematic than ever (BPB 2022). Energy self-sufficiency had hardly played any role in the years leading up to the war, and Germany became heavily dependent on Russia, not least because of the Nord Stream 1 pipeline. With the invasion, the energy supply increasingly came to be of geopolitical importance and swift political action was required to address it. The resultant high energy prices are being felt not only by individual citizens but also by the *Mittelstand*. On 28 July, German Minister of Economic Affairs Robert Habeck spoke of the ‘biggest energy crisis’ ever in Germany (RND 2022, authors’ translation).

The energy crisis in electricity and gas is hitting the *Mittelstand* harder than comparable sectors in other European countries. This is the conclusion of a new price and risk analysis published by the Stiftung Familienunternehmen (Family Businesses Foundation) and carried out by the Leibniz Centre for European Economic Research in Mannheim. In this study Prof. Rainer Kirchdoerfer, a board member of the foundation, comments, ‘Some researchers have tried to estimate the consequences of an embargo or a Russian supply freeze since the outbreak of war in Ukraine. Our study now shows how vulnerable Germany was even before the war began. Competitors overseas have no problem. And competitors in Europe can restructure more quickly in view of lower consumption volumes’ (Heinemann 2022, authors’ translation). Metal production and processing, chemicals, and paper and cardboard have been particularly affected.

In addition, according to the President of the German Farmers’ Association, Joachim Rukwied, *Mittelstand* companies producing milk, butter, yoghurt and other dairy products may face bottlenecks since the agricultural sector needs gas to produce fertilisers (Goebel 2022).

An end to the war is currently not in sight. Economists believe that there will be little easing of inflation in the winter. And even if the war were to end in the next few months,

the consequences of the sanctions against Russia would continue to impact Germany for a long time to come. A great recession is just around the corner. For decades the belief prevailed that globalisation would only result in a market of unlimited possibilities. Everything would be permanently available: avocados from Mexico and strawberries in the winter from Egypt. The Ukraine war, however, shows the limits of the globalised economy. For oil, gas and grain, these limits have been reached. To become crisis-resistant, Germany and Europe must become more independent in terms of supply. It is important to note, however, that not every sector of the economy is suffering equally from the consequences of the war. Although the German government has managed to diversify and find replacements for the German coal and oil supply, it is facing a markedly more difficult task when it comes to gas. The dependencies remain in place and are complicated to resolve.

Armaments industry: benefiting from the crisis?

The German defence industry is one of the most innovative and advanced in the world. The special feature here is that, unlike its counterpart in the US, for example, it is not dominated by a few large corporations but involves many medium-sized companies that belong to the *Mittelstand*. And thanks to their effective working methods, these are particularly good at responding to customers' wishes. While the *Mittelstand* has generally been reporting consistently negative figures in the current economic and security crisis, the defence industry seems to be one of the beneficiaries of the current situation, despite restricted supply chains. Rheinmetall CEO Armin Papperger expects his company's annual sales to increase by 15% (*Süddeutsche Zeitung* 2022). Heckler & Koch is also expected to see significantly higher sales in 2022. However, these two companies are active globally and are listed on the stock exchange, so no fair comparisons can be made with the rest of the *Mittelstand* companies active in the defence industry. Diehl Defence, on the other hand, which manufactures guided missiles and air defence systems, is one of the medium-sized defence companies in Germany. Thanks to well-filled order books, the Diehl Group expects moderately increasing sales figures for 2022 (Diehl Holding 2022). KNDS, into which the medium-sized German company Krauss-Maffei-Wegmann has been integrated, expects sales to increase from €2.7 billion to €3.1 billion in fiscal 2022 (KNDS et al. 2022). Again, this expectation is justified by well-filled order books in the wake of the Ukraine war.

However, these figures should be treated with caution. At present, the forecasts are still based mainly on bulging order books. Disrupted supply chains and the associated high global demand for raw materials are likely to have an impact on whether defence companies can actually fill the orders. It therefore remains to be seen what role the defence industry will play in the recovery of the *Mittelstand* as a whole. Given the small impact of the defence industry on the GDP of the Federal Republic (1.34% of total GDP) (Statista 2022), it is not to be expected that the defence industry will keep the figures of the *Mittelstand* afloat in the foreseeable future. Rather, as order numbers rise, the industry is likely to suffer the same fate as the rest of the *Mittelstand*. The demand is such that it should be able to produce and sell much more than ever before, but the necessary raw

materials and vendor parts will not be sufficient to meet this demand. The *Mittelstand* companies, including those in the defence industry, will therefore continue to struggle, their futures depending on how the war in Ukraine develops. Thus, even those that might be expected to benefit from the war are likely to suffer from the current global situation.

This should also be taken into account at the European level. Given that each industry is affected by the consequences of the war in different ways and, above all, to different degrees, a one-size-fits-all approach will not be sufficient to remedy the problems. Instead, tailored solutions should be developed that offer the *Mittelstand*, but also the European economy as a whole, concrete solutions to specific problems. This is the only way to effectively overcome this crisis. The Russian war of aggression and its consequences for the German economy show how dangerous overdependence on individual countries or resources can be.

What is still to come? Conclusions about China

Relations with China are currently under strain, and not only because of the supply-chain problems discussed above (resulting from Chinese lockdowns). Nancy Pelosi's trip to Taiwan is emblematic of Western relations with China. The rising tensions between the two could well turn out to be the third major crisis in a very short time. For years China has been laying claim to the Republic of China, that is, Taiwan. Both countries have existed for 72 years, one Communist in character, the other more nationalist. Moreover, since the end of the dictatorship in the 1980s, Taiwan has been one of the most politically stable democracies in Asia. Thus, the reunification desired by the People's Republic could lead to the next armed conflict, or at least to the next economic crisis triggered by sanctions packages, if the West was to react in the same way it has to Russia.

Germany and the EU are becoming increasingly dependent on China, while the latter is reducing its dependence on exports. In Germany around 1.1 million employees depend on consumption in China (Matthes 2022). In 2007, 4.4% of Chinese added value was linked to European consumption; in 2018, it was only 2.2%. For the EU the trend is reversed: in 2007 the figure was around 0.5%; by 2018 it had risen to 2% (Matthes 2022).

Trade volumes with China are reaching all-time highs in the Free State of Saxony, Saxony-Anhalt and Thuringia. China is Saxony's largest trading partner: last year Saxony's companies exported goods worth around €7.9 billion to China (Cygan and Menzel 2022).

Apart from the EU member states taken together, the US (€122.04 billion) and China (€103.69 billion) are the most important sales markets for the German economy (Statistisches Bundesamt 2022, 2). Eleven per cent of the *Mittelstand* companies surveyed stated that they were active in China (Rudnicka 2022). As early as 2012, 60% of the *Mittelstand* surveyed said that they exported to China (KfW 2012, 2). In addition to this obvious export dependency, parts of the *Mittelstand* have been acquired by Chinese

investors. In 2017—the peak year of Chinese foreign direct investment in Germany—an investment volume of \$177 billion was reached, from a starting point of \$10 billion in 2005 (IFW Kiel 2019). A famous example, which drew the attention of German politicians, was the takeover of the Bavarian robot manufacturer Kuka by Chinese investors. This takeover trend was expected to continue as it is anchored in a Chinese strategy that extends until 2025 and has as its objectives to dominate important key industries and to make ‘Made in China’ a global quality feature. However, sticking with Germany as an example, it should be noted that Chinese takeovers have been falling steadily since the peak (2017). The pandemic even caused new absolute lows in takeovers of German companies: in 2020 only 11 companies were taken over by Chinese investors (Hans Boeckler Stiftung 2021). That might indicate that the fears of a complete takeover of the German *Mittelstand* by Chinese investors is exaggerated, but the growing dependencies of the past have not yet been reversed.

In addition to the import and export dependency of the *Mittelstand* on China, there is therefore also an increasing direct interdependence in corporate structures, which in the worst case scenario could have a negative impact on the *Mittelstand* and thus on the overall German economic situation. The Ukraine war currently provides a good illustration of how sudden developments and their consequences (e.g. sanctions) can have a major negative impact—even at regional level.

In any case, the prevailing potential for conflicts with China is no less dangerous and in the coming years could move along lines similar to those currently being observed in connection with Russia. For the German *Mittelstand*, this would be the next and probably also the most tangible crisis, which it would have difficulties withstanding due to the interdependencies described above. It is therefore high time for the EU and the Federal Republic of Germany to provide greater protection for the *Mittelstand* (e.g. by making takeovers even more difficult) to help it get back on its feet and drastically reduce dependencies in the medium term. To use the German term, a *Zeitenwende* (turning point) in trade policy is needed more than ever before. Otherwise, the EU and its regions will have little means to counteract Chinese economic aggression, and nor will they be able to withstand the coming economic crises.

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When regional-based socialisation fails: Diversifying and strengthening the EU's approach to its neighbourhood

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Abstract

The EU has long used socialisation, and with it, regional ties, to advance its interests in its neighbourhood and contribute to shaping the values and norms of its partner countries. Relying on the role of 'regional champions', however, comes with the risk of negative socialisation should EU values not be respected in the very EU member states tasked with acting as facilitators for the partner countries. Brussels can work to mitigate these risks by moving beyond the strongly regional framework, introducing clear references to the pillars of the rule of law in its agreements in the neighbourhood and by protecting civil society cooperation from government interference.

Keywords

ENP, Rule of law, Foreign policy, EU values, Socialisation, Democracy

Introduction

In its neighbourhood policy the EU has consistently sought to have its partners adopt its values and norms, integrating the *acquis communautaire* into their legal systems to the greatest possible extent. While this is often a highly technical procedure, it cannot be reduced merely to the mechanical acquisition of a number of laws and regulations.

The faithful reproduction and enforcement of a set of rules, however clearly defined and binding, and the support provided to third countries to achieve these are generally perceived as fundamental steps, but not enough to achieve true Europeanisation.

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Decision-makers, enforcers and the general public in the target countries need to be involved on a more personal level to get them acquainted with the methods and praxis of the EU. This has long meant that person-to-person contacts have remarkable importance in the process, the ultimate goal of which is to make the representatives of the target country full members of the EU in terms of thinking and inner norms and values—in other words, meaning that they reason and feel like members of the Union, holding its rules and core beliefs as their own.

This article will argue that, given the crucial role socialisation plays in the EU's efforts to spread its model and norms, particularly in its neighbourhood, it would be a cautious and useful choice to prevent member countries that fail to comply with requirements regarding fundamental values from influencing partner countries.

The article is structured as follows. In the first part, socialisation and regional ties will be analysed, with a focus on their role in the European Neighbourhood Policy (ENP) region and ENP programmes. In the second section, the case of Poland will be discussed: it is an important country in this field but a potential longer-term risk when it comes to socialisation. Lastly, in the third part, some ways to mitigate the problem will be presented, namely including clearer rule of law requirements in agreements with third countries, working through civil society and avoiding over-reliance on individual member countries in ENP projects.

The importance of socialisation and regional ties

The adoption of norms and values through interaction with those who hold them is generally called 'socialisation'. Its popularity as a pillar of EU foreign policy, in particular with regard to its neighbourhood and countries that have a potential future as EU membership candidates, is remarkable (Lavenex and Schimmelfennig 2009, 795–8). Using socialisation as an underlying guiding principle, the EU has designed a number of tools and instruments that rely on peer-to-peer contacts and personal exchanges, such as twinning and the Technical Assistance and Information Exchange (TAIEX). These programmes focus on the personnel of local administrations: it is noteworthy that the partner administration must be comparable in size, structure and goals pursued, which, together with the need for the more primordial person-to-person ease of connection, suggests that countries with historical, cultural and linguistic ties are more likely to be paired together. Another example of creating socialisation, this time not focusing on governments but rather on civil society and society as a whole, is the Eastern Partnership Civil Society Forum (Kostanyan and Vandecasteele 2013).

Given the very nature of socialisation, it is understandable that cultural proximity can greatly contribute to the effectiveness of any policy built around this principle. Such cultural proximity is also often linked to the geopolitical interests of a given country which will lead it, in typical EU fashion, to become the main sponsor of a given country or region in the EU's foreign policy. This has been a particularly evident trend in the ENP, with France (supported by Spain and Italy, among others) championing the Southern

neighbourhood, and Poland, with other Eastern (although not exclusively) members advocating for the Eastern neighbourhood. Cultural similarities and geopolitical interests have also contributed to the creation of pairs, both in the pre-accession phase and in the ENP: the most notable being Romania with Moldova and Poland with Ukraine. Socialisation builds upon and promotes regional ties.

Some numbers give a picture of the importance of geopolitical interest in the member state and cultural/geographical proximity in the twinning instrument. The yearly TAIEX and twinning report shows that France, Italy and Spain dominate twinning projects in the Southern neighbourhood, while Lithuania and Poland top the list in the East (European Commission 2021, 17–18).

These projects are no small matter when it comes to important institutional reforms that touch on issues of rule of law, democracy, good governance and general human rights. According to a Commission report on these programmes, in 2018, 192 agents worked in the area of justice and home affairs, of which 18% specialised in rule of law and the judiciary (European Commission 2018, 4). In the same year, 37% of the projects implemented under the twinning programme were related to the field of justice and home affairs, a higher percentage than in any other policy field. Sixty-two agents from EU member states were sent to Ukraine, some of whom worked to guide the Ukrainian parliament's commissioner for human rights towards implementing EU best practices, thereby ensuring the stronger protection of Ukrainian citizens (European Commission 2018, 3).

Through these peer-to-peer exchanges, the EU works to support its Eastern and Southern partners to help them achieve new standards of good governance in various policy fields. Socialisation is, ultimately, a fundamental element. The political willingness for reform is supported by EU experts through interactions between public servants to ensure proper implementation at the administrative level.

Possible troubles for regionalism: the case of Poland

Poland has played an important role in the Eastern dimension of the ENP. It is the country that, together with Sweden, pushed for the creation of the Eastern Partnership (EaP). It has long advocated for the accession of Eastern European countries and ever closer cooperation and ties with them, at many points being one of the most vocal member states on the issue (Schumacher et al. 2018).

While its contribution has been and still is essential for the European future of the EaP countries, in particular Ukraine, the current rule of law issues the country is experiencing cast a shadow on its possible future role. The independence of the judiciary has been severely jeopardised, with the prosecutor's office having been turned into an instrument of political persecution and independent judges and prosecutors becoming the targets of their own government. The ruling party has gone to great lengths to replace previous bureaucrats with their own loyalists, or to create a system of control by the politically

appointed higher echelons that wipes out any independence of the lower levels. By so doing, the government has obtained a worrying degree of control over state structures that goes well beyond what could be expected of an average executive in a liberal democracy.

The defiance of the Polish ruling party, however, is not limited to praxis: it spills over into theory and could constitute, both in terms of example and theoretical interpretation, a negative influence for neighbourhood countries. Polish officials have strongly insisted that the rule of law is a term that is not defined in any relevant and clear manner in the treaties, which they regard as the only ultimate source of interpretation—and conveniently so, disregarding a whole corpus created by the Court of Justice that better defines the rule of law (Pech 2022).

As useful anecdotes, a leading Member of the European Parliament (MEP) from a country often under heavy scrutiny over violations of the rule of law once promised a reward for anyone who could find the definition of the rule of law in any binding EU document (Pech 2022, 2). Furthermore, during a European Parliament Committee on Foreign Affairs meeting about the rule of law in the EaP countries in July 2022, the same MEP insisted that the rule of law was nowhere to be found in EU treaties and documents and that it was up to national constitutions and constitutional courts to define it. This remark had little to do with the topic being discussed but showed his vexed interest in avoiding any possible definition of rule of law other than that given by member states for themselves (European Parliament, Committee on Foreign Affairs, from 11:52).

The enlargement process has been suffering as a result of such attitudes, increasing fatigue in Western countries and concerns that new members could go down a similar path to Hungary and Poland. While little more than an anecdote, that MEP's overreaction to a discussion about the rule of law in EaP countries contributes to fears that new member states could take a similarly defiant approach, suddenly undoing all the work that has been done to improve their structures.

In terms of regional concerns, however, the situation in Poland could show that socialisation is a double-edged sword, especially if it is left mostly in a few specialised hands: what might happen if the incentives of the socialisers are not in line with those of Brussels or the EU at large? What if the EU's agents are able to transmit the minimum technical requirements of the *acquis* but have a negative impact on the acquisition of the *esprit* behind them?

The importance of cultural acceptance and understanding of the rule of law is not secondary when it comes to, for instance, Ukraine—and this is where socialisation can play either a positive or a negative role. Králiková (2022) writes that when EU values and norms are transplanted from the Union into a third country, it does not happen in a vacuum: the receivers actively participate and shape the outcome according to their understanding, pre-existing values, interests and situation. Burlyuk (2015, 9–11)

demonstrated that, for a long time, the very concept of the rule of law in Ukraine was used by legal practitioners under pressure from Western partners without their full understanding of the meaning of the term. Such practitioners retained a *de facto* preference for Soviet-inspired models of legal organisation, while using surface-level categories borrowed from Western codes. Burlyuk also showed that the idea of the rule of law was not grasped by the public and was actively hindered by established interest groups, among which the most important were those led by oligarchs.

While somewhat dated, these findings, in particular those related to legal practitioners, provide a warning that the adoption of the *acquis* must always be accompanied by a deeper-level identification with the values that underpin it. The failure of local elites and the public to fully accept the deeper level of these values could lead to post-accession crises. This requires socialisation that does not expose the receiver, the third country, to individuals who do not have an interest in promoting such ideological, values-based adherence to EU norms.

Overall, it means that the current system of neighbourhood policy, which is quite dependent on regional ties with their cultural and societal connections, might need to be redesigned to avoid putting all the Union's eggs in one basket—with all the accompanying risks if a given member state should stop behaving in a way that is aligned with the EU's values.

Ways to mitigate the problem

Rule of law in agreements

Despite what national governments, such as those of Hungary and Poland, might say, the rule of law has been clearly defined. While this did not occur in the treaties, it has been achieved through a number of rulings of the Court of Justice of the European Union and in other legislation, including the rule of law conditionality regulation (Pech 2022, 24).

As Ukraine, much like other neighbourhood countries, has had a rocky path towards judicial reform, the February 2022 decision in Case C-157/21 regarding the permanent conditionality mechanism (CJEU 2022) provides some important points for a definition of the rule of law and also touches upon the main issues that make Poland an unreliable regional partner. In paragraph 290, the Court identifies 'the principles of legality, legal certainty, prohibition of arbitrariness of the executive powers, effective judicial protection and separation of powers, . . . the principles of equality before the law and non-discrimination' as essential to the rule of law (CJEU 2022).

Ultimately, it would be useful to centralise understanding of the rule of law, making it very clear and open to as little interpretation as possible, to avoid failures of socialisation or adaptation. Mentions of documents defining the rule of law should be included in any future agreements between the Union and its neighbourhood partners, ideally with binding commitments on both sides to deliver on those.

Diversifying the source of socialisation

It is also important to change the source of socialisation: partner countries have already been exposed to the EU for a long time, and the regional character of socialisation, while still valuable, can be overcome should the need arise. In this case it would be important to select personnel for socialisation-based programmes that hail from countries that score well in terms of infringements in the sector of a given project. In other words, again using the example of Poland, it would make little sense to use Polish state experts for good-governance or rule-of-law socialisation programmes while Poland itself is not performing well in these fields: the advantages of the ease of socialisation do not balance out the disadvantages of having potentially unreliable actors involved. It would make more sense, wherever possible, to sacrifice regional ties in favour of more trustworthy players.

Working through civil society

Civil society has an exceptionally important role to play in bringing partner countries closer to the EU. This is a field in which socialisation is again very relevant and where it would be even harder, given the highly informal nature of such ties, to centralise the process and go beyond a regional framework. Polish non-governmental organisations (NGOs) have acquired a wealth of knowledge and connections and have successfully operated in Ukraine, the Caucasus and even Belarus for a long time, delivering remarkable results, due, among other elements, to the ease of contact and their ability to understand their partners' reality (Pospieszna 2014, 121–51). On a regional level, the EaP Civil Society Forum has successfully brought together EU and EaP civil society organisations, creating an environment that is highly beneficial for socialisation and multiplies opportunities for cooperation, both within the national frameworks of the individual countries and on a bilateral basis with EU groups (Kostanyan and Vandecasteele 2013).

However, regional cooperation could again be hijacked if left without oversight. The Polish government has been actively seeking to create a network of pro-government NGOs and civil society organisations. These organisations are for the most part GONGOs, that is, government-organised non-governmental organisations. A 2017 report from Human Rights First showed that the government was already diverting funding away from well-established civil society organisations towards its cronies—Father Rydzyk's vast network and *Ordo Iuris* being two well-known examples—and had even gone so far as to establish a new type of organisation, pro-government NGOs, that would compete with the existing ones (Human Rights First 2017).

The response to such a threat needs to be twofold: it is crucial that civil society cooperation with neighbouring countries is diversified, reducing dependence on regional ties, to keep the best benefits of geographic proximity while divesting away from it wherever necessary. A campaign to attract new members from a larger pool of countries to the EaP Civil Society Forum, for instance, would be a first step. In addition to this, any

mechanism of multilateral cooperation involving civil society should avoid all forms of veto regarding its membership and take actions to prevent any GONGOs or NGOs-turned-GONGOs from hijacking operations. When allocating funds for regional cooperation, the EU should seek to act through its own actors on the ground, such as representations in local cities, and not rely on national governments.

Conclusion

The importance of regional ties to promote socialisation cannot be overstated: building upon cultural and geographical proximity, the EU has been able to maximise its influence and facilitate approximation and adoption of the *acquis* in its neighbourhood, including at the level of inner values and norms.

Faced with the risk of some member countries, particularly Poland, moving away from EU values, the EU might want to reconsider its approach in a few ways and diversify away from a strongly regional framework. Clear and binding rule of law standards, the protection of civil society from government interference, and the expansion of socialisation programmes to the entirety of the EU or at least to a wider array of member states could help Brussels protect the advantages of regional socialisation from its potential disadvantages.

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Lost in travelling: Europe's regional and conceptual challenges linked to tourism

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Abstract

The Covid-19 pandemic, as well as climatic and energy constraints, have heavily impacted Europe's tourism and culture industries, which account for 4% to 5% of Europe's gross domestic product. Some European regions have been hit harder than others, as the tourism and travel sectors represent 9% of the gross domestic product in the south. Administrations and companies need to develop a new strategy to anticipate future imbalances and inspire new standards around the world, standards that involve less high-tech hardware, fewer carbon-intensive projects, less worldwide marketing, and a greater focus on the European middle class and its desire for eco-tourism.

Keywords

Tourism, Culture, Travel, Arts, History, Identity, Climate change, Nature, Mobility

Introduction

When in poor spirits the modern tourist often (if not always) perceives the tourist next to him as an anomaly—an aberration even. Tourists have complained about their fellow travellers ever since the hobby became fashionable in the eighteenth century. 'Birds of passage', Goethe called them, proud of his long months of residence near Rome's Piazza del Popolo (Goethe 1817, 144, author's translation).

Today it seems that climate change and the increase in the prices of natural gas and oil have answered the wishes of our ill-tempered traveller: tourism as we know it looks set

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to become the luxury of a privileged class once again, as in Goethe's pre-fossil fuel time. Countries such as Italy, Spain and Greece are dependent on this sector and especially on the global middle class that feeds it. To put Europe on the right track, saving jobs and traditions along the way, these countries' governments and companies need to anticipate the travelling realities of 2030 and 2040.

In accordance with this fundamental concern, this article is divided into three sections. The first provides a rough overview of what the tourism and culture industries have to face. The second section dives into current European policies on this area. And Section 3 suggests policy solutions.

Post-Covid mental shifts

In today's France, talking about the tourism industry feels like speaking about an old relative: the country drew in 90 million international tourists in 2019, much in the manner of our own grandmother reaching 90 years old herself. Oh, the battles to reach that number, not all elegant, but that does not matter in either case. In 2019, France was hoping for 10 million more—like grandchildren pushing their elders to reach 100, more out of fear of the unknown than out of genuine care.

But with Covid-19 in the equation, France's visitors from abroad dropped to 35 million in 2020, with the number rising to nearly 50 million in 2021 (*Le Parisien* 2021)—just over half of the pre-Covid total. Close to 4% of France's gross domestic product (GDP) has been directly impacted. On a European scale, the shock has been even more significant. Having played host to 745 million non-European tourists in 2019, the continent attracted a mere 287 million in 2021 (*Statista* 2022)—a bit more than a third of where things stood before the pandemic. With nearly 10% of its GDP and up to 5%–6% of total employment linked to the tourism and travel industries, Southern Europe is particularly affected by these developments (see Table 1 below, left columns).

Several tourism experts predict 'a return to normalcy' as early as 2024, pointing out that 1.8 billion people were part of the travelling middle class in 2009 as opposed to possibly 5 billion in 2030 (Brunel 2021). So there's nothing much to worry about, right?

Well, even if these optimistic projections should prove true in the very near future, they do not seem to take into account the medium-term clouds: the rise in temperatures induced by CO₂ emissions, the depletion of oil and gas resources and the inflation resulting largely from this depletion—bearing in mind that fuel purchases represent a third of flight costs (Shift Project 2021). There are hopes of reducing CO₂ emissions drastically (United Nations 2015), talks devoted to imposing a carbon tax on all flights and forecasts that energy flows for culture and travel may become rationed, with both ranking behind, in order of necessity, education, health, security, defence, industry and households. Taking all of these factors into account, one arrives at the conclusion that round-trip

Table 1. Key statistics on the tourism industry in the EU.

	Contribution by travel and tourism to GDP in % (2018)	Jobs in tourism & travel sector as % of total (2019)	Spending by member states on recreation, culture and religion as % of GDP (2020)	Spending by EU institutions on tourism in €bn (2007–20)
West	3.5	2.1	1.3	1.3
North	2.7	1.5	1.3	0.4
South	8.9	4	1	3.2
South-East	5	1.7	1.8	2.2
North-East	3	1.1	1.5	2.5

Source: The author's own calculations using data from World Bank 2022, Eurostat 2022 and ECA 2022.

Note 1: For the sake of territorial balance, the author has divided the EU countries into five regions: *West* (Austria, Belgium, France, Germany, Luxembourg, Netherlands); *North* (Denmark, Finland, Ireland, Sweden, UK); *South* (Cyprus, Greece, Italy, Malta, Portugal, Spain); *South-East* (Bulgaria, Croatia, Hungary, Romania, Slovenia); and *North-East* (Czechia, Estonia, Latvia, Lithuania, Poland, Slovakia).

Note 2: The data for the UK has been included as it is from before the Brexit withdrawal agreement, the latter having been signed in January 2020.

Note 3: Regarding the colour coding, a scale has been used in which white represents zero and the shades become darker as the figures increase.

tickets to Shanghai will no longer cost €450, with a 20 kg luggage allowance included (the price this author once paid in antediluvian times).

For consumers these developments are not merely of a matter of intellectual interest. For they touch the heart of citizens: parents and students, among others. Instead of long-distance flights to exotic islands, many Europeans are now opting for, among other things, ‘staycations’ (travelling near your home for holidays), ‘workations’ (working remotely, usually from a sunnier location, and for several months) or cheaper countryside stays for families, closer to nature and fresh air (Welcome City Lab 2021). Corporate Zoom calls that replace flights booked for two-hour meetings on another continent are just one solution amongst many.

In France this means that internal tourism (the French holidaying in France) has partially compensated for the loss of foreign tourists, especially along the coasts and in mountainous areas—the latter reporting bookings representing 80%–95% of pre-Covid totals (Dangerfield and Mainguené 2021). But large urban centres and luxury hotels continue to suffer in the wake of the pandemic, due to the nature of their clientele: richer foreign tourists, frequently from the upper classes and often on business trips. Hence the following question: are the days of Scarlett Johansson and Bill Murray in the film *Lost in Translation* (2003) already over? Barely two decades on, meeting a stranger on a bank of a quietly meandering river while camping somewhere in your country’s heartland is

becoming more realistic than drowning your sorrows in a five-star hotel on the other side of the world.

Europe's budgetary dilemma

The main hurdle to adapting policies to this new situation is that today's policymakers belong to the *Lost in Translation* generation. Most are aware of climatic and energy constraints, but their habits are still marked by a certain joy in consumption inherited from the sweet American-led 1990s—'la douceur de vivre des années 90', we would say in French.

This may explain two rather contradictory statements in the EU's 2022 annual budget. Let us first listen to this tech-heavy lament: if tourism 'SMEs do not adapt to digitisation, many will go out of business.' '. . . [S]olutions should include booking systems taking into account social distancing, artificial intelligence (AI) solutions managing crowds, and disinfection robots to clean quickly public spaces' (EU 2022, 1413).

Later in the same document, the reader encounters this reminder about Europe's softer touch: we should 'promote worldwide a European approach to innovation rooted in arts/culture and values. Such a culture/art-driven approach linking innovation, digital and the arts into local ecosystems of innovation in selected regions outside Europe will help promote a European approach to innovation as an alternative to US and Chinese approaches' (EU 2022).

Public tenders and grants from both the member states and the EU institutions reflect the gap between these two philosophies: either funds go to futuristic robots, Virtual Reality immersive headsets, Augmented Reality mobile apps that enhance physical locations, and so on; or they are oriented towards rural eco-tourism, cross-border or rural-urban mobility and heritage protection projects (EU 2022 and Welcome City Lab 2021). The former set of items gets approximately 70% of all budget streams and makes Europe more competitive in the near term; the latter makes Europe more sustainable in the long run but yet only receives limited bureaucratic attention.

The reason may be that even the most liberal-minded projects seem incapable of integrating concerns related to the climate. A study financed by the European Commission to garner recommendations from cultural actors (Voices of Culture 2022) advocates 'easier travel and preferential treatment for global cultural sector workers in the Global South' and 'technology [that] can make language less of a barrier . . .'. The bottom line: more kerosene-fuelled flights between Africa and Europe, and more electricity-hungry items on order. Paradoxically, old-school heritage ideas—such as the restorations and excavations of Pompeii—today appear more reasonable (some would say 'trendier') than the once-hailed multicultural ventures.

We find the same confusion within tourism-related datasets themselves. After days of searching for figures that could be used to make comparisons between the member states,

the only ones we found pertained specifically to spending on culture (see Table 1, third column). Eerily, they show that the southern member states spend little on this sector (1% of GDP) despite the multi-secular hype around heritage in that region. But beware: budget lines related to mobility, infrastructure or public support for people active in tourism are missing, at least in the data that is publically accessible.

At the EU level (ESPON 2019), budget lines allocated for tourism and cultural projects are even more intertwined, as the dispersal of funds is divided between Horizon Europe grants, Cohesion spending, social support, regional support and agricultural budgets. Three EU budget headings (out of seven) and at least six directorate generals share the responsibility for what, in the end, is a rather paltry sum: a little more than €2 billion from 2007 to 2020, or 0.5% of the EU's total expenditures (see Table 1, right column).

Fortunately, quantitative surveys produced by the European Court of Auditors (ECA 2020) and the European Spatial Planning Observation Network (ESPON 2020) reveal that, when all of the EU's specialised funding efforts are added up, Brussels has allocated most of its cultural and tourism support to countries and regions in dire need of it. Accordingly, southern Europe has received particular attention—Greece, Italy, Portugal and Spain. Table 1 above confirms the strong correlation between the EU's geographic priorities and the economic weight of the different countries' travel and tourism activities. The shift in Cohesion allocations to the south of Europe in the EU's 2021–7 multi-annual budget confirms this dynamic (EPRC 2019). We may tentatively conclude from the above that the EU has learned to adapt to geographic realities. Policy-wise, it has not yet found itself.

Policy proposals for 2023 and beyond

In 2007 the Lisbon Treaty recognised that the EU can 'complement' the member states in the tourism sector. Moreover, the treaty was followed by an EU framework Communication in 2010 (European Commission 2010). The message was that, for the first time, Brussels should make tourism a priority as this sector faces intense changes and needs both guidance and support. Agreeing with this prioritisation and with the principle that the member states and regions should maintain control over all travel and culture expenditures, this author believes that the EU institutions may usefully contribute in three ways:

1. In the next European mid-term budget review, in 2023, put less emphasis on digital equipment and more on sustainable mobility, cross-border projects and rural tourism. The 2021–7 budget decreased the 'Connecting Europe Facility – Transport' line by 8% compared its 2014–20 counterpart (EPRS 2018), despite the growing desire of Europeans to travel by rail or by active mobility means (cycling and walking). Brussels should not miss the chance to become a driving force in this area.

2. Support a 2021 resolution by the European Parliament to set up a ‘European Agency for Tourism’ in the next European budget. There is a need for new thinking and more inter-institutional synergies. This European agency could coordinate all budgetary actions—by the regions, member states and Brussels. More importantly, it could act as a reliable forecast-sharing platform and promote best practices, such as the new concept of ‘extended leave’ (e.g. two to three months every three years) that would provide employees more leeway, more time, to reach their destinations and return without using carbon-emitting transportation.
3. Promote the ‘Europe brand’ within Europe instead of pursuing the Asian or American middle classes, who may not be able to afford the plane tickets to the extent many expect, even in the near term. ‘Creative Europe’ funds should be used to encourage shorter-distance holidays to off-the-beaten-track areas on our own continent. This would be in line with the numerous efforts being made by EU cities to deal with overtourism in crowded ‘Instagrammable’ centres. A European approach to tourism could be both fair and fruitful, replacing global tourists with a more planet-friendly European-based tourism but also with customers who return to the same places and stay for longer periods.

Conclusion

By launching the Industrial Revolution and global trade routes, Europe defined today’s modernity—including modes of travelling. At a time when we are experiencing the perverse effects of this same modernity, can the Old Continent inspire once again but in the opposite, decelerating direction?

Europeans clearly have the appetite and the imagination for it. While Hollywood actors Scarlett Johansson and Bill Murray cannot do much anymore, might not Goethe’s tourism philosophy help out once again? Listen to him one more time as he continues his journey, becoming aware of what walking and horse riding through Italy for a year means to him:

Chained body and soul to the north of Europe, I had to undertake this long solitary journey to start a new life. To be born again. My desire to see this country had been ripe for too long. Here I am now in Rome and quiet, and as far as I can see, tranquilised for my whole life; all these treasures will serve as guides and encouragements from now on . . . (Goethe, 1817, 203, author’s translation).

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The Dutch domino

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Abstract

This article provides an overview of developments in the Netherlands that have possible geopolitical dimensions. The Netherlands is a country in transition, with many dimensions of this transition being not dissimilar to those in other European countries. It is well positioned to deal with changes in the fields of energy and defence, but is also dealing with great tensions in its social and political systems. As such, it is a European country that is vulnerable to fragmentation and other divergent powers. Looking at it from the perspective of a ‘reversed domino theory’, there are reasons for concern.

Keywords

The Netherlands, Transition, Energy strategy, Domino theory, NATO targets, Political instability

Introduction

As in other countries, for the Netherlands this is truly a period of transition. It is a post-Covid-19 transition that is happening on several levels, all of which are very much connected to each other. In this article several developments are described in a way that could be relevant to those who are part of the European policy community. In a way, the article describes a new ‘domino theory’. This refers to the possibility that, after Ukraine, other states might also fall prey to Russia’s aggressive behaviour unless it is resisted. This idea of states as dominoes seems to be as widely shared today as it was in Western circles in the case of Vietnam in the 1950s and 1960s. However, domino theory as regards Vietnam was in the end discredited as the country was both too far away from the US and Western Europe and too different in its outlook. However, not only is there currently a far greater geographical proximity in the case of the war in Ukraine (at least for us Europeans), but the nature of the different dominoes has changed. In the post-war world

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the domino theory was always linked to military might; now the dominoes carry weight in other aspects too. The connections in terms of energy, communications, culture and other areas are evident and very much interlinked. Dominoes could fall anywhere, and perhaps the further away they are from the centre of the conflict, the more they are likely to fall. How resilient is the Netherlands when it comes to the pressure that is now being brought to bear on it? Here there is good, mixed and bad news when it comes to issues such as the energy transition, the contribution to defence efforts and the enlargement of the EU, and only bad news when it comes to political breakdown in what is, at present, a divided and fragmenting country.

The good news: prospects for a speedy and strategic energy transition

Until recently the Netherlands exported large amounts of gas from its large natural gas field in the Dutch province of Groningen. However, as of today this field is likely to remain off limits because of the mishandling of earthquake damage over the past several decades, which is now the subject of a parliamentary enquiry.

In reaction to this, both the savings made in gas use (20% by 1 August 2022, with all reserves filled by 1 September 2022) and increases in solar and wind energy generation¹ have been impressive. Also impressive is the building, in just 200 days, of the first of five new liquified natural gas terminals (Koc and Shiryaevskaya 2022).

There are two further developments on the horizon that will reflect a more fundamental change: the return of nuclear energy and, more notably, a clean hydrogen strategy with offshore carbon capture and storage solutions. The latter looks very promising and could become the mid-term European answer to Russia's recurring decisions to shut off gas deliveries to Europe via the Nord Stream 1 natural gas pipeline (Quach 2022). Not only will this bring initial relief to the Germans, but more significantly the same pipeline infrastructure will, in the near future, flow in the opposite direction, taking hydrogen eastwards. This can be seen as part of a wider 'green industry' policy and the creation of a more circular economy. The signs of a transition taking place are already there.

The possibility of both surviving gas shortages and speeding up the energy transition exists. This Dutch domino will not only stand but will block future Russian attempts to weaponise energy. There is one caveat, though. While this transition takes place, Dutch energy prices have become the highest in Europe. The Dutch government has indicated that it cannot fully compensate for high prices in 2022–3. In many ways this poses a danger to the fragile Dutch society. However, it now looks as though the Dutch and the Germans are teaming up to create a package of price measures within the EU.

Mixed news: a stable ally

The Netherlands remains a stable ally, including in its important support for the war effort in Ukraine. The need for a more common European approach to defence is widely

supported by the Netherlands, especially when it comes to procurement. Integration with military units, for instance in Germany, is ongoing. The UK remains an important partner for the Royal Netherlands Navy and in other efforts. The eternal debate as to whether these efforts should be under a NATO umbrella or in the shape a true European Defence Force in the framework of the EU is mostly seen as a distraction that should not stand in the way of taking the next steps.

For years the Dutch have neglected their defence capabilities, hoping that efforts in cyberwarfare could somehow make up for lost personnel and *matériel*. Lessons are being learned now, and though it will take (too much?) time to fix things, the Netherlands is finally on its way to meeting NATO's 2% of GDP defence spending target (The Netherlands, Ministry of Defence 2022).

The Dutch foreign office did very poorly in both the Afghanistan evacuation from Kabul in 2021, leading to the resignation of the minister for foreign affairs, and the initial coordination, or lack thereof, of sanctions on Russia following its attack on Ukraine in February 2022. Meanwhile, however, Dutch foreign and European policy is closer to the European mainstream than in the past, though it remains to be seen what the attitude will be when the differences between the northern and southern European economies become more visible once again. Directly after the invasion of Ukraine by Russia it looked like the Netherlands would no longer automatically work in tandem with Germany as it had during the 2008 global financial crisis, and it looked critically on the delays in German decision-making. The voice from The Hague has been both more muted (when it comes to finances) and more explicit (when it comes to, for example, Ukraine) than that of Berlin. However, energy and economic necessity are now bringing both countries closer again in the autumn of 2022.

There is another matter that is up for debate: the enlargement of the EU. Even though the EU's symbolic decision to grant Ukraine and Moldova EU candidate status was supported and understood in the Netherlands (*RTL Nieuws* 2022), there was (and continues to be) scepticism about the readiness of Ukraine to become an EU member state. This also goes for other candidate countries, including those in the Western Balkans. The strategic importance of granting EU membership to such countries is simply not understood by most in the Netherlands and it is politically quite dangerous to be in favour of enlargement. In the Netherlands, the debate on the possible future EU membership of Ukraine and Moldova is likely to lead to political foot-dragging and debates about different speeds of integration.

The bad news: multiple breakdowns

After the Covid-19 pandemic there was no going back to normal. On the contrary, the second lockdown in the Netherlands in particular, from July to October 2020, led to deep divides in terms of trust between the Dutch government and large parts of the population. If elections were to be held at the time of writing (and one combined

election for the provinces and the senate is due in March 2023), the present four coalition parties² would be very far from able to form a majority government, even if the two centre-left parties,³ the Labour Party (Partij van de Arbeid) and the GreenLeft (GroenLinks), were willing to join the coalition. There are currently 20 parties in a parliament of no more than 150 seats and, in the polls, it is populist or one-person parties that set the tone.

The most visible example of this breakdown in trust is how Dutch farmers have united against the plans for a sharp reduction in CO₂ emissions in agriculture. To reach the 2030 goals of the EU Green Deal, the amount of CO₂ produced by farms is to be reduced by 50% or more according to a roadmap published by the Dutch cabinet (Miner 2022). The reaction from farmers to its publication was immediate and accompanied by incidents that are reminiscent of the miners' strike in the UK during the time of Prime Minister Margaret Thatcher. But where is the Dutch Thatcher? Mark Rutte is now the longest-serving Dutch prime minister ever, but his authority is limited after dealing with a deep crisis immediately after the last national election. In other times people have looked to the Christian Democrats for leadership, but their numbers have been greatly reduced, with one of their former parliamentarians, Pieter Omtzigt, leading in the polls despite not even having created a party. All in all, party politics is deep in the danger zone, and it feels like the time is ripe for big changes in the political landscape.

The farming crisis shows that while there is no denying the need for climate policy, implementing it is another matter. It also shows how interconnected and complex problems have become. There is a housing crisis, there are huge labour shortages, the electricity grid is not fit for current purpose or future demand, and the list of items that require immediate attention is growing by the day.

Absent from the news, but still significant

Surprisingly hardly in the news, but not insignificant is the recent departure of the headquarters of a number of traditional economic powerhouses including Unilever, Shell and DSM from the Netherlands to the UK and Switzerland (Khan 2021; *DutchNews.nl* 2022). The companies are still operational in the Netherlands, but have moved for fiscal and governance reasons. Until recently this would have been unthinkable, and the Dutch government would have offered them all kinds of incentives to stay. That is no longer the case. This shift has coincided with the introduction of measures that aim to end money laundering through trusts and other tax-evasion activities. In a larger sense, it also coincides with a growing dissatisfaction with (big) business and IT platforms and their supposed privileged positions. Income and other inequalities, as well as gender and integrity issues are all playing a role in the Dutch public not seeing business as an attractive alternative to government intervention. That being said, the government is also neither trusted nor thought of as competent, but despite this there is a longing for decisive action from it.

In this environment, the traditional Christian Democratic alternative of bottom-up decision-making and working through networks and associations is making a comeback. The Christian Democratic Appeal (Christen-Democratisch Appèl) is trying to capitalise on this through the idea of a cooperative society; thus far this has not become a party-political concept, but one taken up by people looking for an alternative to government intervention.

Conclusion

Summing up, in the Netherlands we can see a strong consensus of support for Ukraine, for climate policies and for the EU, which is more popular than ever before. At the same time, however, we can see a deep distrust of the political centre of the country, connected to a lack of confidence in society's ability to make things work. In an economy that is vulnerable, this spells trouble. If there is something to be said for a new domino theory in Europe, then we should look not only at the external strength of the dominoes, but at their inner strength too.

Notes

1. Solar and wind energy production is up 20%, with up to 25,000 MW being generated by September 2022; see Tennet (2022) and *Energieopwek.nl* (2022).
2. These are the People's Party for Freedom and Democracy (Volkspartij voor Vrijheid en Democratie), Democrats 66 (Democraten 66), the Christian Democratic Appeal (Christen-Democratisch Appèl) and the Christian Union (ChristenUnie).
3. A third party, the Socialist Party (Socialistische Partij), would probably choose to remain outside the government in any case.

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The war in Ukraine through far-right and jihadist lenses

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Abstract

This article examines the most widespread stances on the war in Ukraine taken within the far-right and the jihadist milieux. Within these contexts, positions are far from unified and the different narratives exploited on the topic reflect the heterogeneity of the radical postures. Far-right movements and supporters express views ranging from open hostility to Russia and President Vladimir Putin to complete mistrust of NATO and the West. This makes it possible to find these groups on both sides of the battlefield. However, it is necessary to emphasize here that the narrative about Ukraine being run by fascists is no more than Russian propaganda, designed to discredit Ukraine's efforts to defend itself against Russia's aggression and weaken international solidarity toward Kyiv. Similarly, a number of jihadist groups and ideologues urge their followers to join the conflict regardless of the side in order to harm unbelievers or, on the contrary, to stay away from it as this would imply giving assistance to the impious. The Russian war against Ukraine is having significant implications for both far-right and jihadi networks, both of which might be able to capitalise on events in organisational, political and communicative terms.

Keywords

Narratives, Propaganda, Russia, Ukraine, Far right, Jihadism

Introduction

On 24 February 2022 Russia launched an unprovoked war against the sovereign country of Ukraine and started the latest phase of the bloody conflict that was initiated in 2014 with the Russian annexation of Crimea and the ongoing attempts to annex Donbas. The end is not in sight, and the political, economic and social implications of this war are becoming clearer every day. Less well known is the intersection between the conflict in Ukraine and phenomena related to individual and collective radicalisation. Radicals from extremely different backgrounds, including the far-right and the jihadi milieux, are

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asserting their stances on the conflict and deploying old and new narratives to lead recruits, followers and sympathisers to embrace a particular position over the events.

Terrorism is nourished by extremely distorted communication and, well in advance of becoming a set of violent deeds, radicalisation relies on a rhetorical dimension of communicative and symbolic actions (Russo 2022). In this respect, the diverse far-right and jihadi landscapes have been increasingly involved in the conflict from a wide array of perspectives, including multiple forms of distorted communication.

This article examines some of the most relevant positions on the war in Ukraine taken within the far-right and the jihadist milieu and argues that, within these contexts, the stances adopted are far from homogenous. Understanding the heterogeneity of the radical postures surrounding the event is crucial for helping Western policymakers and analysts to recognise and interpret the relationship between the war in Ukraine and radicalisation, two phenomena that are too often dealt with separately but are in fact deeply interconnected.

Through open-source analysis and within the theoretical framework of critical discourse analysis, the first section focuses on the far right's complex relationship with the present war and the delicate balance between the Near and the Far Enemy. Using the same methodology, the second part of the article scrutinises the jihadi landscape in relation to the war in Ukraine, analysing the most widespread narratives centred on it and the ideological components upon which they rely.

The far right: between the Near and the Far Enemy

While Ukraine has been fighting to defend its sovereignty against Russia's aggression, the far-right milieu worldwide has been exploiting the Kremlin's war against the country as a valuable resource for propaganda and narratives that are attracting an increasing number of sympathisers. The Ukraine war has sparked a wave of activism among European far-right leaders, who have urged their followers to take part in the fight to defend Ukraine and collect money in support of the cause.¹

A number of groups view the conflict as a training ground for their members, a chance to gain weapons and a hub through which to connect with fellow radicals, as happened in the jihadi field in the case of Afghanistan several decades ago (1979–89).² In many of the exchanges between members of online far-right forums, these radicals seem to be anti-liberal, anti-globalist ethno-nationalists who believe that Western countries are now ruled by weak politicians and businessmen who are incapable of—and unwilling to—defend 'Western civilisation', a notion that is based on a false sense of homogeneity in terms of blood and culture. Consequently, they think that it is only through a bloody uprising and a violent dismantlement of the corrupted democratic institutions that Western civilisation can be saved.

Supremacist movements are developing the narrative that Ukraine should be used as a training ground for individuals to gain combat experience for the future ethnic

conflicts that they believe are coming to their homelands (Katz 2022). This idea of waging war against the Far Enemy abroad in preparation for the fight against the Near Enemy has similarities with the way jihadi groups viewed the Afghan experience before the ascent of al Qaeda. In other words, both the jihadists who went to Afghanistan and the far-right radicals who are now going to Ukraine used or will use the battlefield to gain experience for a future in which they might fight the Near Enemy, the enemy at home.

In the case of the 1980s' jihadists, the Near Enemy was embodied by the secularised and Westernised Arab governments ruling their home countries, while in the case of many far-right groups, the Near Enemy consists of an array of figures, ranging from politicians to immigrants.

Fawaz Gherghes explains that, although the Afghan jihad against Russian military occupation ultimately bred a new generation of *transnationalist* jihadists—who were emboldened by the Russian defeat and decided to internationalise jihad and export the Islamist revolution worldwide—it did not, in itself, constitute a shift by jihadists away from localism to globalism (Gherghes 2009, 12). At that time, Ayman al-Zawahiri, who was then in the top ranks of al-Jihad al-Islamy, repeatedly stated that he and his fellow jihadists had gone to Afghanistan to establish a safe haven for jihadi action from which to launch attacks against the Egyptian regime: 'A jihadi movement needs an arena that would act like an incubator where its seed would grow and where it can acquire practical experience in combat, politics and organizational matters' (Al-Zawahiri, quoted in Mansfield 2006, 28). He also stated that, 'The problem of finding a secure base for jihad activity in Egypt used to occupy me a lot . . . I could establish a secure base for jihad action in Egypt' (Al-Zawahiri, quoted in Mansfield 2006, 28–9).

These declarations support the hypothesis that Afghanistan was used by jihadists as a training camp to give them new skills and expertise useful for their national jihadi project. Localism, not globalism, informed the thinking and actions of the mujahidin who initially fought in Afghanistan. The internationalisation of jihad and the shift from the Near to the Far Enemy would occur only at a later stage, with the ascent of al Qaeda as the primary jihadi actor worldwide.

Decades later, the pattern of exploiting a foreign country as an arena in which to gain experience and a network seems to be making a comeback in the ranks of the radical right. Since 2015, over 17,000 foreign fighters have travelled to Ukraine from 50 countries (Shuster-Perrigo 2022) and, while the majority of these fighters are not radical ideologues, security consultants find similarities between the current situation in Ukraine and the Afghan scenario in the 1980s (Byman 2022; Gosselin-Malo 2022).

However, it is necessary to emphasize here that the narrative about Ukraine being run by fascists is no more than Russian propaganda, designed to discredit Ukraine's efforts to defend itself against Russia's aggression and weaken international solidarity toward Kyiv. During the federal election of 2019, the coalition of extreme-right parties, including the

Azov movement's National Corps, received a total of 2.15% of the votes and no seats in parliament (Likhachev 2019). Nonetheless, Western media has come to develop a sort of Azov obsession, making frequent reference to the notorious Azov Regiment, a paramilitary militia formed in May 2014 to fight the Russian forces in Donbas.

However, one key factor is missing in all of the analyses of the Azov: the difference between the Azov movement and the Azov Regiment (Ritzmann 2022). There is no doubt that the Azov movement is a key player in the transnational extreme right and has deep ties to far-right radicals in various EU countries and the US. As far as the regiment is concerned, however, it was integrated into the Ukrainian National Guard by the state in 2015, and since then has operated under the command of the Ministry of the Interior. In all probability, as a result of this there would have been a sort of internal migration of the most radical leadership from the regiment to the movement, which still includes smaller militias and has paramilitary training facilities (Ritzmann 2022).

The positions and narratives spreading within the far-right realm, however, are not unified. While some groups side with Russian President Vladimir Putin, others stand with the far-right components of the Ukrainian forces. And while Nicholas Potter, a researcher and journalist at the Amadeu Antonio Foundation, says the pro-Ukrainian side is slightly more popular among German neo-Nazis (Knight 2022), the scene is, nonetheless, a real patchwork.

On the one side, there is historical hostility towards Russia, especially in Central Europe. Although the Communist era ended long ago, anti-Communism still plays an important role for some right-wing fringes, offering further evidence of the creative use of history made by radicals of all kinds. On the other side, in a relevant part of the far-right imaginary, 'When Putin wins, men will again be men and not women, electricity and fuel will become cheaper, Islamization will end, and the Green Party leftists will all be locked up', notes a brief, yet effective Telegram compilation of some of the contemporary far right's major tropes (Knight 2022).

In other words, the far right is caught in a dilemma: Russia symbolises the historical enemy reminiscent of the Communist spectrum, but Putin is seen as capable of opposing NATO and the alleged moral corruption of the West. Western decision-makers, commentators and analysts should avoid the risks of essentialising the identity of the actors on the ground and simplifying the positions and narratives involved in the conflict. This will ensure that they avoid being blindsided by possible developments in the near future, such as an increase in the number of foreign fighters on both sides or new splits and alliances within the far-right galaxy.

The jihadists and the unbelievers: to fight or not to fight?

Due to the compartmentalised approach that the West tends to adopt when it comes to international affairs, the influence of the war in Ukraine on the jihadi milieu has been largely overlooked, and so has the risk of exploitation of the conflict by violent Islamists.

As the eyes of the world have inevitably turned to Ukraine, the jihadi threat seems to have fallen out of fashion. In fact, the war between Russia and Ukraine could have implications for jihadist organisations both in terms of communications and operations.

The most widespread reaction to the war among jihadists is jubilation. They are celebrating the conflict between Ukraine and Russia (Kfir 2022) because two ‘nations of unbelievers’ are fighting each other (Anti-Defamation League 2022). Consequently, some radical ideologues have given their followers moral permission to join either side, as fighting for either would contribute to the cause of jihad.

Jihadist groups have developed a narrative that stigmatises both sides as common enemies and hostile to Islam. In an editorial published in its magazine *al-Naba*, the Islamic State defines the war as a ‘punishment imposed on Christian unbelievers who are guilty of exporting their battles to Muslim countries’ (Garofalo 2022). A second group of radicals, however, has chosen to take a side. In Ukraine, Muslims make up about 1% of the population and their numbers jump to about 12% in the Crimean Peninsula, which Russia annexed in 2014 (Allam 2022). Therefore, several jihadi groups maintain that the presence of a Muslim minority in Ukraine, no matter how small, is sufficient to justify participation in the fighting and to protect Ukraine against the Russian ‘crusader’ enemy.

On the other side, Muslim leaders in Russia back the government, with many acting as an echo-chamber of the Kremlin about the alleged fascist threat in Ukraine. They portray the war as a jihad against the same Western powers that—in their eyes—have bombed and invaded Muslim nations, and this revanchist narrative has gained momentum within some jihadi circles. The oxymoronic term ‘hostile neutrality’ (i.e. that it is legitimate to fight for either side as it would mean harming unbelievers), support for Ukraine and support for Russia can all be detected within the radical milieu, which makes it crucial to monitor and analyse the diverse narratives that are being exploited by these groups so as not to disregard any possible future scenario.

Similar to the hostile neutrality approach, but with opposing consequences, is the position of jihadists who reject possible choices between the two nations of unbelievers. Like those radicals who support joining either side because they are both seen as formed of ungodly infidels who can be harmed, this segment rejects helping either side because it believes that infidels should not be helped. This group relies exclusively on the dichotomy between ‘Muslims and non-Muslims’, thus stopping Muslim fighters from dying for unbelievers. Its radical propaganda is largely built upon the notion of the Enemy, and the war in Ukraine represents a fertile ground to strengthen this narrative.

Historically, the West and Russia have been the main objects of radical Islamist rage. The jihadi media have often made Russia a target because of Russia’s oppression of Muslim Chechens, its presence and deeds in the Northern Caucasus, and its active role in Syria. The Islamic State has often targeted Russia through the media, for instance with the publication of the Russian-language magazine *Istok* (The Source)³ and the production of several Russian-language videos by the al-Hayat media centre.

Hatred of the US and its allies represents a cornerstone of the global jihadist ideology of recent decades and has always been better understood in the West. Russia, however, has a significant jihadi problem. In the last decade, thousands of fighters from Russia—mainly from the North Caucasus—and the former Soviet Republics have joined a diverse array of jihadist organisations. The number of foreign terrorist fighters in each country who have joined the Islamic State in Syria and Iraq varies: as of 2019, roughly 800 in both Kazakhstan and Kyrgyzstan, between 1,500 and 3,000 in Uzbekistan, around 1,900 in Tajikistan (Zhirukhina 2019) and at least 400 in Turkmenistan (Barrett 2017).⁴

Conclusions

Neither on the far-right nor on the jihadi spectrum is the response to the war in Ukraine homogeneous. On the far-right fringes, Putin is the strongman opposing the corrupt economic, political and cultural influence of NATO and the Atlantic hemisphere. For other groups and individuals on the same spectrum, the anti-Communist rhetoric against Russia and the transnational links to the Ukrainian far right are pull factors for joining the Ukrainian side against the invasion. For this group, the opportunity to gain experience and networks for future insurrections in their homeland against the Near Enemy—their governments—by fighting the Far Enemy abroad—Russia—represents a life-changing possibility.

Within the jihadi milieu, the narratives are also scattered. Some radical leaders allow their followers to join either side as this implies harming the other side, which is equally formed of unbelievers, while others warn against joining the conflict since it would mean helping such *kuffār*.⁵ Those who choose a side either stand with Putin, who is finally opposing those Western powers that have been oppressing Muslims and interfering in Middle Eastern affairs for decades, or stand with the attacked Ukraine, a country with a significant—historically more than numerically—Muslim minority.

In this complex scenario, Western policymakers and analysts need more sophisticated analyses of the actors involved in the conflict, particularly with regard to their drives, interests, networks and narratives. Without these they may miss the bigger picture created by the war in Ukraine and radicalisation, two phenomena that are seemingly distant but in fact are deeply interconnected. The Russian invasion of Ukraine will likely have consequences for both far-right and jihadist international networks, which might develop in ways for which we should be prepared.

Notes

1. Mainly through PayPal and cryptocurrencies such as Bitcoin, Ethereum and Tron.
2. These fighters were known as Afghan Arabs (or Arab Afghans). They were Arab mujahidin who went to Afghanistan during and following the Soviet–Afghan War to help fellow Muslims fight Soviets and pro-Soviet Afghans. Estimates of the number of foreign volunteers who took part in the conflict range between 20,000 and 35,000.
3. Four issues of which were published until 2016.

4. While the figures from the four Central Asian states come from government officials, Turkmenistan stands apart from these and other sources had to be used due to a lack of official information.
5. Arabic for ‘unbelievers’ (sing. *kāfir*), a key word in the jihadi vocabulary.

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What role for climate pact ambassadors? A policy process perspective

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Jale Tosun

Abstract

The European Green Deal puts forth an ambitious agenda for a transition towards sustainable development. To this end, it embraces participatory governance and has even created a new tool for it: climate pact ambassadors (CPAs). CPAs either act on their own behalf or represent organisations that have made a publicly accessible pledge. They are expected to provide information on and support for climate action, as well as ‘inspire’ others in their networks and communities. Despite only being launched in December 2020, the European Commission has endorsed more than 850 CPAs (as of October 2022). What role can the CPAs play at the different stages of the policy cycle? How could their participation in pertinent policy processes become more effective? These are the two questions that guide this explorative analysis.

Keywords

Advocacy, Climate pact ambassadors, Communication, European Climate Pact, European Green Deal, Information, Participation, Public policy

Introduction

The EU and the world face grand challenges that threaten our welfare. Paramount among these problems is man-made climate change caused by burning fossil fuels. European Commission President Ursula von der Leyen has made climate change a top priority, as reflected in the adoption of the European Green Deal (EGD) in December 2019. For the first time, the Commission has placed climate and environmental policies at the centre of a policy framework for achieving sustainable development (Skjærseth 2021). The EGD

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aims to achieve no less than climate neutrality on the European continent by 2050, the decoupling of economic growth from resource use, and a socially just transition that leaves no person and no place behind. To underline the political commitment to this green transition agenda, Executive Vice-President of the Commission Frans Timmermans leads the activities for delivering on the EGD.

As the implementation of the EGD is still in its early stages, so, too, is research on it. In fact, several components are still in the process of being defined or concretised (Dupont and Torney 2021). One of the components that is in place is the European Climate Pact (ECP), which was launched on 9 December 2020. The ECP is a participatory framework that complements previous measures for facilitating and intensifying citizen involvement in the transformation towards sustainability, such as the European Citizens' Initiative (ECI) introduced by the Lisbon Treaty (see Tosun and Schaub 2021). However, compared to the ECI, the ECP provides a more specific but also low-threshold framework for citizen participation. It is more specific in comparison to the ECI as it invites individuals to take action to fight climate change and protect the environment. It is a low-threshold participatory tool because individual citizens can respond to the open call to become a climate pact ambassador (CPA), which is the main tool of the ECP.

On the ECP's website (EU n.d.), which represents the Commission's main communication platform and is therefore an essential information source for this analysis, CPAs are presented as actors who are responsible for informing, inspiring and supporting climate action in their communities and networks. This characterisation does not explicate how CPAs can participate in the policy processes of the EU's multilevel system if they wish to do so. Therefore, this brief analysis reflects on the CPAs' role in policymaking and identifies conditions under which they could be more influential. The latter issue appears particularly relevant since both the ECP and the role of the CPAs therein are still evolving.

Background to the CPA framework

The EU is not the first political system to experiment with climate ambassadors. Danish municipalities, for example, have instituted climate ambassadors to foster local-level climate action (Pedersen et al. 2020). However, the EU's approach to CPAs is different since it aims to stimulate climate action at various levels: local, national, and European.

Any individual located in an EU member state and interested in taking action on climate change can become a CPA. Likewise, organisations can be represented by an individual who becomes a CPA on their behalf. Individual CPAs are endorsed for a period of one year; organisational CPAs are initially endorsed for six months, with an extension to one year once the Commission has approved the respective organisation's climate pledge. CPAs can extend their role, but to do so they must report on their activities and, in the case of organisational CPAs, renew their pledge. The activities and pledges are expected to focus on the development of green areas, buildings and transport; the promotion of climate education; and the acquisition of green skills. At the time of writing, more than 850 individuals had signed up as CPAs with the European Commission.

Every CPA has to adhere to the six values of the ECP, of which the first refers to taking *concrete* climate action that is informed by *science*. The second value, *transparency*, entails the need to share relevant information on pertinent climate actions. Third, the Commission is keen to *discourage greenwashing* and therefore asks the organisational CPAs to make their pledges public. The ECP recognises the need for *ambition* and the *urgency* of climate action as the fourth value and therefore asks the CPAs to commit themselves to transformative solutions. Climate actions tailored to *local contexts* is the fifth value, and the sixth refers to committing to *diversity and inclusivity*.

On the ECP website (EU n.d.), the Commission assigns various roles to the CPAs. The first type of role relates to *communication* and the provision of *substantial information* on climate change. CPAs should reach out to individuals and/or organisations, as well as to their own networks and communities, and motivate them to become engaged in climate action. To achieve engagement in climate action, CPAs are expected to talk about different types of climate action and to share science-based knowledge on climate change by using different communication channels. A particularly important yet challenging aspect of the CPAs' role refers to engaging with vulnerable and deprived individuals in local communities in order to identify the most appropriate ways of communicating with them, which reflects the Commission's commitment to leaving no one behind in the transition process.

The second role of CPAs is providing *processual information*. In contrast to substantial information, which is about the characteristics of climate change and the content of climate policies, processual information refers to how climate action can be facilitated and carried out. CPAs are invited to engage in peer-to-peer training to help those who are interested in taking climate action but have refrained from doing so because they lack knowledge of how to proceed. Likewise, CPAs are expected to provide information to individuals or organisations already engaged in climate action on how to scale up their respective initiatives.

The third role of CPAs concerns *networking* and is about connecting climate activists with other relevant networks and stakeholders, as well as facilitating exchanges between civil society, stakeholders and the European Commission. A particularly noteworthy aspect of this role is that both horizontal (i.e. the same level) and vertical (i.e. across different levels) networking is encouraged.

The fourth role corresponds to *activism* in a narrower sense. CPAs are invited to organise activities related to fighting climate change and protecting the environment; to perform policy advocacy at the European, national, regional and local level; to make climate pledges; and to take different types of climate action.

The *testing* of climate solutions represents the fifth role as outlined by the European Commission. This role aligns with the literature on climate governance experiments at the local level, which have received increasing attention in the literature on the transition to sustainability (e.g. Kivimaa et al. 2017).

The sixth and last role refers to CPAs as those who *lead by example* and attempt to influence the behaviour of individuals or organisations by acting as role models for more ambitious climate action. This role is defined functionally but also normatively, and represents a strong behavioural imperative for the CPAs.

CPAs in the policy process

Policymaking is often studied from the perspective of the *policy cycle* (Lasswell 1956). This heuristic breaks policymaking into different activities, consisting of (1) agenda-setting, (2) policy formulation, (3) policy adoption, (4) implementation and (5) evaluation. An ideal-typical policymaking situation would begin with the identification of a societal problem and its placement on the agenda. Subsequently, policy proposals are formulated, from which one is adopted. In the next stage, the adopted policy is actioned. Finally, the impacts of the policy are evaluated. This last stage leads back to the first, indicating that the policy cycle is continuous. It should be noted though that in real-life policymaking situations, the sequence of the individual stages may be different from the ideal-typical model, and some stages may be skipped.

Agenda-setting refers to the identification of a societal problem requiring policymakers to intervene. There are many societal problems, but only a small number will be given official attention by policymakers. Those that are chosen constitute the political agenda. In addition to the political agenda, there also exists a public agenda that reflects public debates. Agenda-setting is an important source of power, and the factors determining whether an issue reaches the public or political agenda may be cultural, economic, ideological, political or social (Knill and Tosun 2020).

CPAs who choose to influence policymaking can contribute to agenda-setting at both the EU and the member-state level. At the level of the member states, CPAs can have an impact on both the political and the public agenda. Putting issues on the latter is more feasible than on the former. However, CPAs can, in principle, have an impact on the political agenda as well if they initiate or support citizens' initiatives that demand climate action from local or regional governments, for example. Likewise, CPAs can initiate or promote ECIs and call on the Commission to take climate action. For example, the youth movement Fridays for Future launched the ECI 'Actions on Climate Emergency', which called on the Commission to strengthen EU action on the climate emergency in line with the 1.5 °C warming limit stipulated in the Paris Agreement (Tosun and Schaub 2021).

Policy formulation involves the definition, discussion, and acceptance or rejection of feasible courses of action for coping with policy problems. Several EU member states have introduced deliberative formats for policy formulation, such as citizens' assemblies or juries at the local level. A case in point is the green participatory budgeting system implemented in the city of Lisbon. Deliberative formats provide CPAs with an opportunity to participate in policy formulation. At the EU level, the EU's public consultations provide a suitable format for CPAs to influence policy formulation.

The policy adoption stage effectively offers no room for CPAs to participate. In the member states, policy adoption takes place in parliaments after a policy proposal is put forth. At the EU level, the Council of the EU and the European Parliament co-decide on policy proposals initiated by the European Commission.

Policy implementation deals with how policies are put into practice by administrative actors and to what extent they affect the behaviour of a policy's target groups. Policy implementation consists of four dimensions: defining the implementation structure, agency decision-making, target group behaviour and policy results (Vancoppenolle et al. 2015).

The implementation structure refers to the number and types of organisations involved in the implementation process. Agency decision-making refers to the process of making the legal stipulations more concrete and therefore implementable. Target group behaviour refers to the role the policy addressees play in the implementation process. Policy results are the outcome of the implementation process.

In terms of the components of the implementation model, CPAs are most likely to influence the behaviour of the policy's target groups. One of the arguments advanced in the literature is that individuals fail to change their behaviour because they lack information or because the information provided is not accessible to them. CPAs could help by providing information on climate change. And they could be even more effective in stimulating behaviour change by engaging with local communities and stakeholders (Nadkarni et al. 2019) and achieving a higher level of acceptance for policies. Recalling the CPAs' roles listed above, one of them was to lead by example. This role relates to the implementation stage, too, since it builds on the premise that the CPAs change their own behaviour in accordance with the stipulations of climate policies.

The evaluation stage is about assessing whether a public policy has attained the intended goals. Evaluation can be carried out in different ways including *formal* evaluations (monitoring of routine tasks), *outcome* evaluation (achievement of the intended outcomes) and *cost-benefit* evaluation (comparison of costs and outcomes or impacts of a policy) (Knill and Tosun 2020). Policy evaluation provides a feedback loop which enables policymakers to draw lessons from the policies in operation. This feedback loop identifies new problems and sets in motion the policymaking process once again.

CPAs can collect information on how climate policies perform on the ground and thereby contribute to evaluation. Whether this information is indeed used by the European Commission or national authorities depends on the access CPAs have to them. CPAs who represent national, regional or local governments, for example, will be most likely to feed back their insights to other policymakers. CPAs who act on their own are less likely to share their experience with policymakers.

The impact of CPAs will depend on the political opportunity structures of the EU member state in which they reside. That being said, CPAs can still be expected to have the greatest chance of influencing policy processes at the local level. However, tangible

effects on policy should realistically only be expected from CPAs who are part of organisations or collectives. It appears unlikely that CPAs acting in their own right will be in a position to arouse (sustained) political interest in climate change. Therefore, CPAs should be encouraged to form broader networks.

In addition to facilitating the formation of different types of networks, a central unit that provides CPAs with relevant substantial and processual information on climate action would increase their impact on policymaking (Pedersen et al. 2020). Furthermore, to stimulate lesson-drawing and policy learning, it is important to collect and analyse CPAs' experiences in a systematic fashion. On the ECP website, the Commission states that it expects the CPAs to report on their realised activities, but this does not automatically mean that their experiences will be assessed systematically with a view to drawing lessons from the insights they have gained throughout their term. Consequently, the Commission would be well advised to develop bidirectional communication mechanisms to prepare CPAs adequately for their role as well as to ensure that the feedback from CPAs on the on-the-ground effects of climate is processed effectively in future policymaking.

Conclusion

Climate change poses an existential threat not only to the EU but to the world as a whole. In contrast to other states or trading blocs, the EU has committed itself to fighting climate change both internationally and domestically. To this end, it has also embraced innovative tools for participatory governance, such as appointing individuals to act as ambassadors for climate action. This short analysis has summarised the main features of the CPA role and identified how these individuals could have an impact on policy processes in the EU's multilevel system.

The European Commission has developed a relatively clear idea of the roles CPAs should play in climate change governance. The fact that so many individuals have already registered as CPAs indicates that they agree with the Commission's expectations and are up for the task and willing to promote climate action. The Commission should be encouraged to see the CPAs and their reported experiences after serving their term as valuable input for continuously improving the design of both climate policy and climate governance. The CPAs' experiences could also serve as an indicator for assessing the level of ambition that people find acceptable for climate action. The EGD is committed to facilitating a socially just transition. If the level of ambition of climate action is considered too high this could disincentivise people from adopting more climate-friendly behaviour. Consequently, the Commission should consider investing more in mechanisms for bidirectional communication with the CPAs.

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Beyond the EU's democratic deficit: From union of states to European democracy

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Abstract

The democratisation of the EU is a historic achievement, which poses great challenges. This article argues that the EU has overcome its democratic deficit and that the nature of the Union has been defined in unambiguous terms. It will be demonstrated that the 2007 Lisbon Treaty defines the EU as a democratic union of democratic states. Moreover, the European Court of Justice has elaborated this concept in its jurisprudence with sound legal reasoning. The implication of this analysis for political theorists and constitutional lawyers is that the EU has outgrown its democratic deficit. Taking this approach enables politicians to refute the claim that the EU is not a real democracy and to present it as a union of states and citizens which works as a European democracy. The immediate challenges for the Union are to improve its democracies and to defend them against both erosion from within and foreign aggression.

Keywords

EU, Democracy, Political theory, Constitutional law, Global governance, Citizenship education

Introduction

Ever since its foundation in 1992 the EU has been criticised for its democratic deficit (Malinov 2021). Scholars even argued that the EU itself did not meet its own accession criteria. Three treaties and 30 years later, the EU has overcome its contentious deficit by evolving into a European democracy of states and citizens. The present article aims to show how and through which stages the EU has developed from a union of democratic states to the first-ever transnational democracy in human history (European Committee of the Regions 2022). While the EU can be described from the citizens' point of view as a democratic union of democratic states, it can also be identified in terms of the UN system of global governance as a democratic international organisation.

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The current state of affairs

The EU is a new kind of international organisation with an equally innovative model of governance. The hallmark of the EU is that it applies the constitutional principles of democracy and the rule of law to an international organisation. As a result of this unprecedented experiment, the EU has emerged as a new subject of international law.

This observation paves the way for the EU to be appreciated as the most fundamental innovation in the fields of public law and global governance since the early modern era. Although the emerging polity was portrayed at the time of its foundation by its main promoter Jacques Delors as an ‘Unidentified Political Object’ (Delors 1985), the EU can now be defined as a union of states and citizens which works as a European democracy. Seventy years after its foundation the European polity has ceased to be the ‘inextricable conundrum’ which politicians and academics regarded as impossible to solve (Burgess 2006).

As the EU has been defined, it has also become possible for it to develop its own distinct political philosophy. The theory of democratic integration replaces the Westphalian paradigm of the state with the civic perspective of human rights and democracy in the study of the EU, and offers a theory capable of explaining the functioning of the EU as a European democracy (Hoeksma 2018). The practical advantage of this new theory is that it reveals the emergence of a European model of transnational governance that deviates from the traditional Westphalian system of international relations. As the case law of the European Court of Justice (CJEU) demonstrates, the ramifications of this development are far-reaching (CJEU 2022). The Court underlines that, in their dealings within the framework of the EU, states can no longer invoke the ‘sacrosanct’ Westphalian principle of non-interference in the internal affairs of a sovereign state. By acceding to the EU, they volunteered to comply with the common standards on which the Union is founded, and they cannot unilaterally free themselves from these obligations after accession. While member states are entitled to withdraw from the Union in line with Article 50 of the Treaty on European Union and to resume full ‘Westphalian’ sovereignty, they are bound by their treaty obligations while their membership of the Union continues.

This new theoretical perspective on the EU sheds fresh light on the role and functioning of the EU on the global stage. The Union can be identified in terms of the UN system of global governance as a ‘democratic international organisation’.

The most important outcome of this new theory for citizens is that it demonstrates how the EU has overcome its democratic deficit (Majone 1998). From their point of view, the EU has found its constitutional destination by establishing itself as a democratic union of democratic states. As the first example of a new kind of global organisation, which by its very nature can be neither mature nor full-grown, the present challenges for the EU are to improve its fragile transnational democracy and to defend it against both erosion from within and aggression from abroad.

The long and winding road to dual democracy

Paradoxically, the EU is also the most underrated political achievement in recent history. Academic scholars from various disciplines tend to stress the democratic backsliding of the past decade (Wind 2020), while advocates of a federal Europe continue to stress that the EU can only be a 'real' democracy if the Union has been turned into a sovereign state (Verhofstadt 2006). Moreover, the German Constitutional Court maintains the view that the concept of democracy also requires a 'demos' (Buitenweg 2016). The most regrettable consequence of these disparate tendencies is that the EU is still in doubt about its identity. The EU presents itself in its printed and digital publications as an 'economic and political union of states', while it aspires to be a transnational democracy (European Union Publications Office 2021). This conceptual impasse should not be prolonged. While the recently concluded Conference on the Future of Europe symbolises that citizens are an indispensable element of the EU, the Russian invasion of Ukraine highlights in the most dramatic way that the EU should be able to defend itself, its values and its constitutional achievements as the first transnational democracy in political history against traditional and digital forms of foreign aggression. The time is long overdue for the EU to overcome its identity crisis and to face its internal and global responsibilities.

For a proper understanding of the nature of the EU in its present form, the following stages in the process of the democratisation of the Union should be distinguished.

1. Driven by the determination to create an ever-closer union among the peoples of Europe, the founding fathers of the EU broke the cycle of warfare on the old continent. The aim of the 1951 European Coal and Steel Community was, in the words of Robert Schuman, 'to make war not only theoretically unthinkable but also materially impossible' (Timmermans 2008, 1–8). The conceptual innovation required to achieve this goal consisted of the pooling of sovereignty. The participating states sacrificed the principle of absolute sovereignty for the guarantee of peace.
2. The practice of the shared exercise of sovereignty proved to be so successful that the six founding states of the present EU decided to broaden their cooperation to the entire economy. The European Economic Community and Euratom, both founded by virtue of the 1957 Treaty of Rome, merged with the European Coal and Steel Community in 1965. As a result, the executive institutions of the three separate communities were unified. The CJEU established in 1963 that the transfer of sovereignty to the European Economic Community had led to the emergence of an 'autonomous legal order' (CJEU 1963). The Court also clarified that the law of the Communities has direct effect and, in case of conflict, takes precedence over national regulations (CJEU 1964).
3. It was envisaged that the internal market, which the member states intended to create to boost their economies, would result in a gradual transition from unanimous decision-making to a practice of deciding by majority voting. However, French President de Gaulle insisted on the preservation of the right of veto and blocked his country's participation in the Communities until further notice. His

'policy of the empty chair' created the first existential crisis of the emerging polity and was only solved through the ingenious 1966 Luxembourg compromise (Segers, 2013, 159).

4. Despite this temporary setback, the emerging common market proved to be so attractive that new member states asked for accession. After the first enlargement in 1973 the Communities described themselves in the Declaration on European Identity as 'a union of democratic states' (*Bulletin of the European Communities* 1973).
5. As it was unfeasible for a union of democratic states to be governed in an authoritarian, let alone dictatorial, way, the members of the Communities instantly aspired to gain democratic legitimacy of their own too. The parliamentary assembly was transformed into a directly elected parliament. The first direct elections to the European Parliament (EP) were held in 1979 with a voter turnout of over 60% (CVCE 2016).
6. As the turnout for the second direct EP elections witnessed a serious decrease in voter participation, the European Council tasked the Adonnino Committee with presenting suggestions to bridge the gap between the citizens and their Communities. The Committee's proposals included the introduction of the EU flag and the foundation of the Erasmus exchange programme.
7. Although a severe economic recession in the 1980s caused a feeling of 'Eurosclerosis' in the member states, the Communities welcomed three new countries from Southern Europe after they had shaken off the yoke of Fascism. The increase in the number of participants and the determination to complete the internal market prompted the Communities to introduce qualified majority voting through the Single European Act of 1987 (Weiler 1991).
8. The fall of the Berlin Wall in 1989 and the implosion of the Soviet-dominated Warsaw Pact preceded but did not prevent the foundation of the EU through the 1992 Treaty of Maastricht. Instead, the regions which had previously formed the German Democratic Republic became an integral part of the EU. The principal aim of the Maastricht Treaty was to complete the internal market. Both the introduction of EU citizenship and the creation of the single currency were regarded as the crown jewels of the internal market.
9. As the EU is open to all democratic European states, a considerable number of countries signalled their intention to accede to the Union after the collapse of Communism. In reaction, the 1993 Copenhagen Summit clarified the criteria for EU accession for new member states (*Bulletin of the European Communities* 1993). These criteria emphasised the need to respect the values of the EU, notably democracy and the rule of law. The 1997 Treaty of Amsterdam included the values of the EU in the treaties and paved the way for the transformation of the EU into a dual democracy.

10. The construction of a democracy at the level of the Union received decisive impetus from the proclamation of the Charter of Fundamental Rights of the EU at the Summit of Nice in 2000. Eight years after the introduction of EU citizenship, the new status still remained an empty vessel (Jessurun d'Oliveira 1995): the citizens of the Union did not enjoy more rights than those already attributed to them by virtue of the fundamental freedoms of the internal market. The Charter brought about a fundamental change and granted the new citizens full political, economic, social and legal status. It was, in effect, a Magna Carta for the citizens and enabled them to confidently declare *Civis Europaeus sum* (Lenaerts 2012).
11. Although the rejection in 2005 of the Constitution for Europe by the electorates of two founding member states was widely regarded as a serious setback, the ensuing impasse was quickly overcome through the Treaty of Lisbon in 2007. The unique and unprecedented hallmark of the Lisbon Treaty is that it defines the EU as a democracy without turning the Union into a state. Thanks to the Lisbon Treaty citizens can perceive the EU as a union of democratic states which also constitutes a democracy of its own. In short, the Lisbon Treaty constructs the EU as 'a democratic union of democratic states' (Hoeksma 2021, 5–7).
12. The consequences of the Lisbon Treaty proved to be far greater than politicians had foreseen. Before the entry into force of the new treaty on 1 December 2009, the ECJ had already established that the new status was to be regarded as the fundamental status of the nationals of the member states (ECJ 2001). In consequence, the ECJ abolished the requirement for EU citizens to cross a border in order to 'activate' their rights as citizens of the Union (ECJ 2011). It ruled in subsequent verdicts that EU citizens could also invoke their rights against the authorities of their own country, even if they had been sentenced to imprisonment for breaches of national laws (ECJ 2015). In the high-profile case of a jailed politician, who had been elected in 2019 as a Member of the European Parliament, the ECJ finally established that the EU has an autonomous democracy (ECJ 2019). By delivering its verdict in unequivocal terms, the Court confirmed the academic finding that the EU is constructed as a democratic union of democratic states. Acting within the limits of its competences, the EU must meet similar requirements regarding democracy and the rule of law as it demands its member states to respect.

The implication of this development for the position of the EU in the field of foreign affairs is that the Union has been granted the status of 'enhanced observer' with the UN. In terms of the UN system of global governance, the EU qualifies as the first-ever democratic international organisation. In consequence, the EU is the only international organisation to have been invited by US President Biden to participate in the 2021–22 Summit for Democracy. Thus, the identification of the EU as a democratic union of democratic states from the internal perspective of the citizens and as a democratic international organisation from the global viewpoint of the UN are two sides of the same coin.

Conclusion

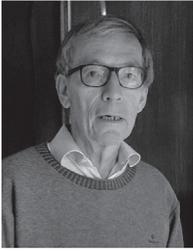
Although the evolution of the European polity has often resembled the procession of Echternach, in which participants take two steps back after having taken three steps forward, the recent involvement of citizens in the process may serve to demonstrate that real progress has been made. While in 1984, after the fall in turnout for the EP elections, the European Council decided to convene a commission of wise elders with a view to bridging the gap with the citizens (of the member states of the Communities), in 2019 the EP, the Council and the Commission invited EU citizens themselves to participate in and convey their views through the Conference on the Future of Europe. The Conference developed a multilingual digital platform for the dissemination of ideas at the transnational level, organised European and national citizens' panels, and resulted in 49 concrete proposals on a variety of subjects, including European democracy. Although it is uncertain whether the recommendations of this 'unprecedented experiment in transnational deliberative democracy' (EU 2022, 5) will bear fruit during the present legislature, the three initiating EU institutions may regard the very existence and proceedings of the Conference as clear confirmation of the encouraging conclusion that the alleged democratic deficit of the EU has been overcome.

The European institutions owe it to the citizens to use the final years of the present electoral period to address the internal wavering about the identity of the Union. The discord within the European Council on the subject was revealed and accentuated by the outgoing German Chancellor Angela Pribyl when, in a press conference after her last meeting, she publicly posed the question, 'What are we? An association of states or an ever-closer union?' (Pribyl 2021). For its part, the EP should cease promoting the outdated view that European democracy can only thrive if the EU becomes a federal state. It must come to terms with—and indeed take pride in—the idea that the EU has developed an entirely new model of transnational democracy, geared to the needs of a continent with a rich history and impressive cultural diversity. In fact, the EP should present itself as the champion of the European model of democracy. While the Commission should receive credit for prioritising the democratisation of the EU during the last two terms, it has to practise what it preaches, notably with respect to the values of the Union and citizenship education. Given its contended nature, the EU should not take European democracy for granted. *A fortiori*, the EU cannot pretend to be a democracy if and for as long as it presents itself as a union of states.

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In a hyperconnected world, is the EU cybersecurity framework connected?

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Abstract

This article sheds light on the fast-evolving and ever more complex EU cybersecurity policy. It shows that horizontal and sector-specific regulation are being developed simultaneously. It identifies the gaps and investigates to what extent the new Cyber Resilience Act and other policy instruments might address them. It first reviews the stock of existing EU legislation before examining the relevant industry standards for cybersecurity and the Internet of Things. It also reviews stakeholders' expectations for the Cyber Resilience Act and identifies the need for horizontal legislation, setting flexible but binding rules. We argue for horizontal standards (process-based) that are complemented by sector-specific (vertical) standards. Finally, we propose a governance and enforcement model to make the cybersecurity framework better coordinated and more adequate for tackling the ever-evolving cybersecurity threat landscape.

Keywords

Cybersecurity, EU policy, Cyber resilience, IoT, EU Cyber Resilience Act, EU legislation, EU NIS Directive, EU Medical Devices Regulation, New legislative framework

Introduction

In September 2022, one year after its announcement by the European Commission President Ursula von der Leyen, the proposal for a Cyber Resilience Act to set common EU cybersecurity standards has been published (Von der Leyen 2021, European Commission 2022b). Cyber resilience is highlighted as one of the top priorities for the Union during the 2019–24 Commission term (European Commission 2020b). The aim of resilience is to prevent cyber-attacks and mitigate their impact by ensuring that digital

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products and software still function in the intended manner even if a security incident occurs.

Since 2020, the EU has produced numerous legislative initiatives on cybersecurity. The EU directive on the security of network and information systems (the NIS Directive (EU 2016/1148)), which was adopted in 2016, has been reviewed to expand its scope and reach. Specific cybersecurity requirements have also been introduced or are in the process of being introduced for artificial intelligence (AI) systems (2021 AI Act proposal (COM(2021) 206 final)), medical devices (the Medical Device Regulation, MDR) and the Internet of Things (IoT, Delegated Act under the Radio Equipment Directive). The Machinery and the General Product Safety Directives are also under review to take into consideration cybersecurity factors. In addition, the new Cyber Resilience Act presented on 15 September 2022 is a horizontal piece of legislation, complementing the EU NIS Directive to cover a wide range of digital products (European Commission 2022b). Most of these new obligations will become applicable by approximately 2024.

The IoT is a focal point in emerging cybersecurity challenges. By 2025, there will be 30.9 billion IoT devices globally and 4.3 billion in Europe (Statista 2021). Today, the number of IoT devices already outnumbers the number of people on the globe (European Commission 2020b). If not secure, these devices could all be used in a large-scale attack, such as a massive botnet attack on critical infrastructure (an attack using hijacked connected devices such as IoT devices or laptops to launch an orchestrated offence on a final target). In addition, the nature of IoT applications often involves sensitive data (e.g. medical IoT devices) or/and data being shared between devices without human intervention (e.g. automatic garage doors and connected cars). The rise of the IoT and its vulnerabilities, coupled with a lack of legislation that tackles the complex challenges of connected devices, make the IoT a crucial use case for future legislation.

This article looks at the existing EU cybersecurity framework to identify gaps in the regulatory landscape, focusing on the IoT use case. It also considers the approach of the member states, industry and existing IoT cybersecurity standards, providing policy recommendations for the European Commission that will strengthen the EU cybersecurity legislative landscape and that should be considered in the upcoming legislative process. The authors argue that the EU cybersecurity legislative framework is quickly developing and becoming ever more complex. Yet there are significant gaps and areas where further action is needed to make it effective. Before arriving at this conclusion, we first look at the state of play of current EU cybersecurity law and policy. We then identify gaps in this framework and summarise the gaps identified by a variety of stakeholders. Finally, we formulate policy recommendations for a more connected EU cybersecurity framework.

State of play of the EU cybersecurity framework

Since 2020, the EU has seen a range of cybersecurity legislation emerging or undergoing review. The cybersecurity legislative landscape has become more dynamic and complex than ever, with the IoT increasingly falling within the scope of these instruments.

Cybersecurity legislation and instruments with cybersecurity implications

The NIS Directive (European Parliament and Council 2016) lays down horizontal rules which aim to increase the level of cybersecurity across the EU. It applies to essential services for the economy and society and digital service providers, setting requirements for risk management, information security policy and incident notification. The Directive is under review at the time of writing: the NIS 2 Directive (NIS2) will address evolving cybersecurity needs by expanding the scope (including medical devices, Domain Name System, DNS and others) and reach (e.g. coordinated vulnerability disclosures, setting a common EU cyber-crisis mechanism) of the legislation. The EU Cybersecurity Act (CSA) was adopted in 2019 to strengthen the role of the European Cybersecurity Agency (ENISA) and to create a framework for the common EU cybersecurity certification of information and communications technology products, services and processes. The use of the CSA's certification scheme is voluntary, but it is left at the discretion of member states as to whether they wish to mandate it. The risk is that some member states will introduce mandatory certification and others will not. This could lead to further fragmentation of the single market. Three candidate frameworks are under development, focusing on cloud solutions, ICT products and 5G. The IoT-focused cybersecurity certification is next in line for development.

While horizontal instruments such as the 2022 AI Act proposal or the 2016 General Data Protection Regulation (GDPR) do not lay out specific security standards, the latter requires that 'appropriate technical and organisational measures to ensure a level of security appropriate to the digital risk' are implemented (Art. 32 Security of processing, GDPR). The AI Act proposal in its current agreed text therefore establishes a broad cybersecurity requirement for AI systems, acknowledging the role of cybersecurity in creating resilient AI systems.

In parallel, a range of sector-specific legislation includes cybersecurity requirements. The 2017 MDR lays down resilience, safety and performance requirements for medical devices. However, no reference is provided to other applicable cybersecurity laws, such as the NIS2, or the CSA certification scheme. Alongside the MDR, the Radio Equipment Directive (RED, Directive 2014/53/EU) sets safety standards for wireless devices which transmit radio signals. With the 2022 Delegated Act expanding its scope, it will become possible for the competent national authorities (e.g. national cybersecurity agencies/directorates) to remove IoT products from the market if they do not adhere to the regulation's requirements. As a result, if the legislation fulfils its intention, from 2024 cybersecurity and privacy by design will become conditions for EU market access. Finally, the 2020 Critical Entities Resilience (CER) Directive, aims to improve the physical resilience of critical entities. The entities listed in the NIS will likely be covered under the CER, and the member states can complement this list with the entities they consider critical.

Common Security and Defence Policy

Cyber resilience is also a priority in the EU's Common Security and Defence policy. The new Strategic Compass, adopted in 2022, sets the EU security agenda to 2030. It

proposes several initiatives in the field of cybersecurity, such as furthering the Cyber Diplomatic Toolbox, currently used for cyber sanctions (see how in Cyen 2021); creating a new Hybrid Toolbox and Response Team, bringing together different instruments to detect and respond to a broad range of hybrid threats (including cyber threats); and setting up an EU Cyber Defence Policy to increase the EU's cyber preparedness. Furthermore, in the military field, the EU has launched cyber-related projects as part of its Permanent Structured Cooperation Framework, including the launch of Cyber Rapid Response Teams to improve member states' cooperation in cyber resilience and incident response, as well as the multinational Cyber and Information Domain Coordination Centre for voluntary information exchange between the Member States. EU ministers have also supported the European Commission in establishing a new Emergency Response Fund for Cybersecurity to prepare the EU to face large-scale cyber-attacks (Euractiv 2022).

The proposed EU Cyber Resilience Act

At the time of finalising this article, the Cyber Resilience Act (CRA) was just proposed. The EU recognised that everything placed on the EU market must be 'secure-by-design' as the IoT proliferates (European Commission 2020b). More enforceable rules are required to ensure a common level of cybersecurity throughout the member states. The CRA aims to tackle these issues and establish minimum security requirements in the EU single market. The proposal covers a wide range of products with digital element for their whole life cycle (European Commission 2022b). Its scope is, therefore, quite broad, however, services are not included in the scope. Initially, the Commission planned to cover also ancillary services; any service related to a product without which the product could not function or run. In this case, digital product covers hardware and software products and software that is available independently of hardware (so-called non-embedded software). However, this did not make it into the proposal.

Crucially, the CRA should become a part of the new legislative framework (NLF). Adopted in 2008, the NLF aims to strengthen the internal market by improving market surveillance rules, establishing common accreditation criteria and improving the conformity assessment of products. The EU's product safety legislation, the General Product Safety and the Machinery Directives (published in 2021), which also form part of the NLF, are undergoing review to address cybersecurity needs. The draft proposals require the relevant operators and authorities to consider cybersecurity when designing or manufacturing a product or machine. While the Machinery Directive covers the industrial IoT, most IoT devices will fall under the Product Safety Directive with its new focus on digital products. With the NLF, it is envisaged that digital products, such as connected devices, will be subjected to rather strict compliance regimes, as can already be observed under the GDPR and the AI Act Proposal.

Finally, member states' cybersecurity legislation will be important when new legislation such as the CRA is considered for adoption by the Council of the EU. Experience shows that member states protect/propose national instruments (if mature) and support

EU initiatives when there is no equivalent policy at home. Majority of the member states' only cybersecurity law is the implementation of the NIS Directive and many refer to an industry standard, such as ISO27k . Indeed, the most popular amongst the industry is the information security standard is ISO27001, complemented by the US National Institute of Standards and Technology (NIST) information security framework, both horizontal standards. However, for the IoT use case, a series of new ISO/IEC vertical standards covering the interoperability, design and deployment aspects is becoming available (Cyen 2022a).

Gaps

While the EU has followed an ambitious policy agenda regarding digitalisation and cybersecurity, adopting several policy instruments, gaps remain. For example, the role of the supply chain in improving security, while recognised, is not sufficiently covered by the legislation. In addition, widely used hardware, non-embedded software, digital services and ancillary services are insufficiently covered. Moreover, while the CRA proposal is an improvement, specifically addressing the secure development and vulnerability management, the whole life cycle of a product/service is not covered – for instance, guidance on secure testing, compliance review, secure decommissioning, and logs, incident and crisis management is still missing.

In addition, while EU legislation has started differentiating between the rules according to risk categories (e.g. the NIS approach to important entities and the CRA, AI Act or MDR depending on risk category), we also identify a need to integrate a risk-based approach into the policy-development process. For example, the cybersecurity threat landscape and security risks are not systematically considered when developing digital policies (e.g. the Digital Services and Digital Markets Acts) or enforcement mechanisms.

With regard to the Common Security and Defence Policy, numerous initiatives show that while the EU is following an ambitious agenda to make cybersecurity a priority across the security field, the synergies between defence, investment and cybersecurity policies are limited by a lack of alignment and central coordination of these strategies. Furthermore, the EU's powers in external actions are limited, which raises the question of whether a proper level of cyber defence can be reached on the EU level alone. The EU Hybrid Toolbox partially tackles this issue by focusing on coordinating national and European policies in the field of cyber defence.

There is also a disparity between the cybersecurity capacity in different regions (e.g. north vs. south, big vs. small member states) and the cybersecurity maturity of sectors (e.g. high maturity in fintech and telecommunications vs. less mature in healthcare, energy and construction, to name few). Cybersecurity also depends on external factors such as international security (changing the threat landscape), the economy (investment capacity) and technology (quantum and AI could change the game). As a result, the implementation of EU legislation across the EU is somewhat variable and shows considerable inconsistencies.

Furthermore, we have identified a significant time lapse between objective definition and implementation: just under 10 years usually pass from initiation to effective implementation in companies. Examples include the GDPR, for which the public consultation in preparation for the Commission proposal from 2012 started in 2009 (European Commission 2012), with the final text adopted in 2016, and effective and implemented in companies from 2018. A similar delay was observed in the adoption of the NIS Directive, which was conceptualised in 2012, proposed in 2013, adopted in 2016, effective from 2018 (transposed in national law) and implemented in companies from 2019. As such, every piece of legislation should be designed to address the legislator's objective at least 10 years ahead.

In addition, to understand how to reduce the EU's IoT cybersecurity risk, we need to understand the vulnerabilities. An ENISA Advisory Group report found the lack of security in connected devices to be mostly because the producers of connected devices have no legal obligations regarding cybersecurity standards (ENISA 2019). Furthermore, ENISA has established that IoT devices are often more vulnerable than classical software devices, as their firmware is not regularly updated and/or the hardware does not match the security abilities of the software. The European Commission has also found that a rush to market without due regard for security measures, a lack of cybersecurity experts in product and software development processes, and a lack of economic incentives contribute to the issue (European Commission 2022a).

Stakeholders' views align on what gaps the Cyber Resilience Act could address. The industry (Euroconsumers, Digitaleurope) is united around the idea of a common EU approach to cyber threats that enables consumers to trust the IoT (Euractiv 2021, Digitaleurope 2022). The EU's 'Better Regulation' toolkit has been mentioned by industry and the Commission itself in the NIS2 as a starting point for creating future-proof effective regulation. The Netherlands supports a horizontal approach, implementing mandatory measures, covering consumer and business-to-business connected products and services across their entire life cycle, targeting the manufacturers and providers of information and communication technology products, processes and services. The European Consumer Protection Organisation demands, specifically, that encryption, authentication and security update standards be improved (BEUC 2022). Scholars have also raised terminological issues: for instance, existing EU legislation applies different meanings to cybersecurity and needs to clarify the difference between resilience and security.

Conclusions

Cyber resilience has been a key EU priority since 2020. EU policymakers have focused on improving critical sectors' cybersecurity (e.g., through the NIS2, CER and CRA) and have introduced cybersecurity in key sectoral legislation (the MDR, the RED, the Machinery Directive, the General Product Safety Regulation, the AI Act). Member states generally follow EU cybersecurity legislation without reinforcing the rules in national legislation.

The EU should lead the work but not reinvent the wheel. Cybersecurity standards could play a critical role in increasing harmonisation, introducing actionable requirements, and increasing legal certainty. For example, several popular process-based information security standards and many new IoT security standards exist. Developed in industry forums, such standards are technology-neutral and future-proof. These are objectives that policymakers should aspire to when designing legislation with cybersecurity impact.

To address the identified gaps, the EU should focus on addressing IoT cybersecurity solutions for products' complete lifecycles. Supply-chain cybersecurity should be consistently taken into account. Industry standards or the CSA certification scheme should be used when new rules are designed. When sector-specific risks arise, sectoral standards should be prioritised. Careful impact analysis, accompanied by a cybersecurity threat analysis and projection, should be integrated into the legislative process at every step.

The specific recommendations for EU policymakers below focus on streamlining the cybersecurity legislation and strengthening the cybersecurity governance and enforcement framework.

A risk-based approach

Inspired by the GDPR's success, the EU should adopt a risk-based approach in future cybersecurity legislation (such as the CRA) to allow sufficient flexibility. Aligning the risk categories with the AI Act is necessary to ensure consistency. The more critical the security risks of the product or services, the more stringent the requirements needed. High-risk products or services should have sectoral legislation or guidance, referencing sector or product-specific standards. Industry standards cover the IoT case. If no industry standards options are available for other sectors, an EU cybersecurity certification framework should be developed to cover the gap. Finally, the requirements should be aligned with the NLF's essential requirements—define the results to be attained or the risks to be dealt with, but do not specify the technical solutions for doing so.

A strong cybersecurity governance and enforcement framework

The NLF could be enhanced to address the EU's cybersecurity needs. The EU needs to update the NLF for it to take a security rather than a safety viewpoint and to expand the NLF's focus from product to 'solution'. In addition, ENISA should support and guide the conformity assessment bodies to play their new role linked to cybersecurity enforcement and supervision.

As per the GDPR model, we should put in place a continuous support and guidance mechanism to make EU cybersecurity legislation effective. We have all the elements necessary but need to define the roles and responsibilities. For instance:

- The NIS cooperation group, coordinated by ENISA, has already delivered helpful guidance for the implementation of the NIS Directive, similar to that provided by the European Data Protection Board for the GDPR. Such implementation guidance provides flexibility through a simplified consultation and publishing cycle, specifically tackling one topic at a time, improving clarity and legal certainty. Policymakers should apply this successful approach to future EU cyber legislation (such as the CRA).
- The NLF could be used to enforce cybersecurity legislation.
- ENISA could play an instrumental role in orchestrating governance and policy development, as the European Data Protection Board does for data protection.
- The newly established EU Cybersecurity Competence Centre (ECCC) could support the implementation of the framework and then the measures through targeted funding and projects (see Cyen – Cybersecurity 2022b) for further information on the ECCC).

An EU cybersecurity impact assessment step in the legislative process

There is a need for an expert analysis and impact assessment to be integrated into the legislative process to ensure new requirements support the objective of improved security for EU citizens and businesses. Just as every company should have a privacy impact assessment for new projects, the EU should have a security impact assessment for any new policy. Better alignment and synergy with the cyber defence agenda and priorities should also be achieved. Existing and new forums could provide expert input to ensure that future and evolving threats and industry best practices are considered in the legislative files. Relevant platforms could be used, such as the NIS Cooperation Group, the ENISA Ad-Hoc Working Groups (for instance on Foresight and Enterprise Security) and the ECCC. A new ENISA expert working group for cybersecurity policy review and coordination should also be established.

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A reluctant European: How Norway responds to the EU's quest for strategic autonomy

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Abstract

The development of the EU as an actor in the field of security and defence is a challenge for Norway. Being a NATO member, but outside the EU, Norway offers an interesting case study of how a non-member adapts to the growing importance of the EU in security and defence affairs. The war in Ukraine has made the issue even more interesting. The article illustrates and explains two phenomena: how a country outside the EU perceives this development and how it responds to the Union's new status. The article does this by looking into not only Norwegian policy documents on how the country is adapting to the EU's new role, but also how the country's authorities and defence industry have been setting strategy with regard to it. The response from and strategy taken by Kongsberg Defence and Aerospace AS, the largest Norwegian defence firm, regarding this new role for the EU is taken as a case in point.

Keywords

EU, NATO, New actor, Norwegian security and defence policies, Defence industry, Kongsberg Defence and Aerospace AS

Introduction

The war in Ukraine marks a defining moment for the EU's Common Security and Defence Policy. In contrast to the situation during the 1990s when the EU appeared weak and ineffective when trying to address the civil war in the former Yugoslavia, this time the EU more closely resembles a strategic actor, able to define its interests regarding this external threat (Karnitschnig 2022; Knutsen 2022b). In addition, on 21 March 2022, the EU published its Strategic Compass document (Council of the European Union 2022).

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The intention of this document is to set a common strategic vision for the EU, which aims to operationalise its strategic autonomy, ‘to refine [its] level of ambition, and to better link [its] strategic, operational and capability needs’ (EEAS 2021; EPRS 2021b; Knutsen 2022a, 166).

This new role for the EU in security and defence poses challenges for Norway. As a non-member of the EU, Norway has cooperated deeply with the Union on these issues since the Common Security and Defence Policy became operative in 2003. From a foreign policy analysis perspective (see, e.g., Hudson and Day 2020), this article illustrates how Norway both adapts to and sets strategy with regard to the EU’s security and defence policies. This also includes how Norway’s largest defence firm, Kongsberg Defence and Aerospace AS, has adapted to the existence of the new European Defence Fund (EDF), which together with Permanent Structured Cooperation (PESCO) and the Coordinated Annual Review on Defence (CARD) makes up the EU’s ‘defence package’ that will enable the EU to achieve strategic autonomy.

In fact, Norway is one of the third countries most engaged in the EU’s foreign and security policy, notably through its alignment with the EU’s sanction policies and engagement in its civilian missions and military operations (Hillion 2019, 32; Brudzińska et al. 2020). This is still the case even though military cooperation has been on a downward trend since 2015 (Breidlid 2022). Therefore, a ‘troops for influence’ strategy seems to be an accurate description of how Norway seeks to influence European security (Græger 2002). As this article explains, Norway is a trustworthy partner to the EU, but it is also a reluctant European. This stance is primarily due to Norway’s Atlantic-oriented foreign policy outlook and its scepticism towards supranational integration, including within the field of security and defence.

Our arguments in this article are therefore organised as followed. We first discuss Norway’s traditional security and defence approaches and how the EU process challenges this outlook. Then we analyse how Norway is adapting to these challenges and, more specifically, how Norway’s largest defence firm has developed its strategy with regard to the EU’s defence package. In the conclusion, we summarise our discussion and highlight some of the challenges that Norway will face in the future.

Explaining Norwegian reluctance regarding the EU’s security and defence policies

Norway’s scepticism towards the EU is illustrated by its turning down in two popular referendums, in 1972 and 1994, the opportunity to become a member—the only country to do so. In both polls, the majority was narrow, with 53.5% voting ‘no’ in 1972 and 52.2% in 1994. Since the last referendum, the European Economic Area (EEA) agreement, which entered into force in 1994, has functioned as a national compromise between those who support membership and those who oppose it. Being part of the EEA assures Norway’s participation in the single market, but the country stays outside of EU decision-making, the customs union, the common agricultural and fisheries policies and the

monetary union. In addition, Norway participates in the Schengen area through a separate agreement. Thus, as a national compromise, the EEA agreement clearly poses some important democratic challenges. As the Norwegian government's EEA review committee wrote in 2012: 'Norway is in practice bound to adopt EU policies and rules on a broad range of issues without being a member and without voting rights. . . . Norway is not represented in decision-making processes that have direct consequences for Norway, and neither do we have any significant influence on them' (Official Norwegian Reports 2012, 7).

As the same review committee underlined, Norway is also sceptical of the EU's foreign and security policies, fearing that they might undermine the coherence of the Atlantic security framework (NOU 2012, 724). Since the beginning of the 1990s, various Norwegian governments have sought cooperation with the EU in this field. On the one hand, Norway has aimed to achieve as many deals with and as close links as possible to the EU to avoid being sidelined during the development of the EU's security and defence policy. As a result, Norway has negotiated a series of third-country agreements which include participation in the PESCO project on military mobility, the exchange of sensitive information and participation in the European Defence Agency (Rieker 2021, 121–2; Stortinget 2021). In addition, Norway's participation in the EDF is secured through the EEA agreement in accordance with Article 5 of the EDF regulation, which states that 'the Fund shall be open to the participation of members of the European Free Trade Association which are members of the EEA' (European Parliament and Council 2021, 162). On the other hand, Norway has both hoped and believed that the EU would *not* develop an autonomous security and defence policy. The ambivalence as to whether developments within the EU are desirable and whether the EU member states will succeed in their ambition to achieve a common European foreign and security policy is still an important factor in Norwegian politics (NOU 2012, 724).

Even though this review committee's report was issued in 2012, this ambivalence towards EU integration is still present in Norway. The coalition government of the Labour Party (Arbeiderpartiet) and the Centre Party (Senterpartiet) that came to power in October 2021 stated in its government platform document that it intends to 'carry out a study to assess experiences of EEA cooperation over the last 10 years. In this regard, the experiences of related countries outside the EU with alternative agreements with the EU will be studied' (Norwegian Government 2021, 79, authors' translation).

This study will be submitted in 2023. In this regard the government is emphasising that the EEA agreement continues to act as the foundation for its European politico-economic approach. However, the review committee's mandate also includes analysing other countries' relationships with the EU that are looser than that which exists between the EU and Norway. Which countries this might include is not clear yet, but the British, the Canadian and the Swiss experiences with the EU are possible examples.

In recent years scepticism towards the foreign and security policies of the EU has been expressed by politicians across the entire Norwegian political spectrum. The former

Conservative-led government had suggested that Norway should not take part in the EDF when it was scheduled for implementation in 2021. In the end the government agreed to take part, but only after negotiations took place in the Parliament in connection with the state budgetary proposal for 2021 (Knutsen 2021, 94). Representatives from the new government have also, on several occasions, indicated their scepticism. For example, the State Secretary for Foreign Affairs stated at a conference in March 2022, ‘that nothing much has happened in the EU’s foreign and security policies during the last 15 years’ (Rieker 2022, authors’ translation). This statement led one researcher at the Norwegian Institute for International Affairs to ask whether the Norwegian government really ‘understands what is going on in the EU at present’ (Rieker 2022, authors’ translation). The same state secretary also stated some weeks later that there was some ‘disappointment’ in France when Finland and Sweden applied for NATO membership since this was a clear indication that the EU’s security guarantees in Article 42(7) of the Treaty of Lisbon were apparently ‘not enough’ (University of Oslo 2022, video, 16:55).

This scepticism is, therefore, the result of a combination of several factors. The most important is a general scepticism regarding supranational cooperation beyond the nation state, even though Norway has had to adapt to and incorporate EU legislation to take part in the internal market. Furthermore, as a country with a strong Atlantic security affiliation, Norway has also long been sceptical of European foreign policy integration, which has the potential to move beyond the Atlantic security framework. From a foreign policy analysis perspective, this form of Euroscepticism is part of Norway’s unique political culture. This is a culture in which ‘all the discourses, values, and implicit rules that express and shape political action and intentions’ (Hudson and Day 2020, 132) are founded in Norwegian political history and form the basis for the discourse on its relationship with Europe (Neumann 2001). This is a political history based upon Atlanticism, whereby the UK and the US are seen as the main actors in providing Norway with security.

A reluctant European: how Norway sets its strategy regarding the EU’s defence initiatives

While Norway is a reluctant European, both its defence authorities and defence industry give priority to setting a strategy regarding EU initiatives in this field. To analyse this strategy and how it is organised, we conducted 15 semi-structured interviews with individuals from the defence authorities, the research community and industry. These interviews were carried out in October and November 2018 and in May and September 2021, making it possible to observe events over time and hence observe policy developments and changes. A longitudinal approach is important, and this is especially so when the developments we are analysing have been characterised by huge changes and new policies in several areas within the security and defence field. Furthermore, how Norway sets its strategy with regard to the EU’s security and defence policies can tell us a lot about how actors outside the EU respond to the EU’s new integration moves. However, it is also fair to argue that the Norwegian case is unique, making such a generalisation difficult (Official Norwegian Reports 2012, 6–7).

Our findings show that the overarching condition for Norwegian policymakers is that the EU's defence initiatives must not in any way challenge Norway's traditional security affiliations. It must not challenge the centrality of NATO or the need for bi- and multilateral cooperation with close allies, for example around the North Sea. Furthermore, Norway's participation in EU initiatives will neither change Norway's close defence cooperation with the US, nor in any way alter the country's traditional Atlantic security orientation. This is now codified in Norway's latest defence industrial strategy, published by the Ministry of Defence in March 2021 (Norwegian Government, Ministry of Defence 2021). The Government's main objective with this strategy is to maintain a competent national defence industry that can help to strengthen the defence of Norway (Norwegian Government, Ministry of Defence 2021, 8). To achieve such an aim, the Norwegian authorities consider it of the utmost importance to further develop the tripartite cooperation between the Norwegian defence sector, the defence industry and the Norwegian Defence Research Establishment (Forsvarets forskningsinstitutt, FFI). In fact, earlier research also shows how such strong tripartite cooperation is a precondition for Norway successfully handling the EU's newest defence initiatives in the form of the defence package (Tvetbråten and Knutsen 2019, 414). For example, the FFI played an important role in the elaboration of the 2021 Work Programme, making it possible for Norway to position itself well within the EDF framework. As a result, Norway is now considered an equal partner with the other members. This also illustrates how important it is to have experts who can offer arguments on a professional basis. This expertise strengthens the Norwegian position and enables the country to gain influence, even though it is an EU outsider.

In the government's strategy, Norwegian participation in the EDF is considered important. The aim is to maintain Norway's defence research and industry in accordance with the nation's defence and security needs (Norwegian Government Ministry of Defence 2021, 28). An important precondition for such an achievement is maintaining close cooperation between the authorities and industry. To secure access to the European market, to be an attractive partner when consortiums are formed, and to take part in research and development opportunities are therefore the main reasons for Norwegian participation in the EU's defence package. If Norway had chosen not to join the EDF, the Norwegian defence industry could have lost some 60% of its exports to the European market over time.

Kongsberg Defence and Aerospace AS is Norway's largest defence company. The company is 'a leading supplier of defence products and systems for command and control, surveillance, space, tactical communications, remote weapon stations and missile systems', with 3,400 employees (Kongsberg Defence and Aerospace 2022). The company has been present in the European market for a very long time, with over 30% of its exports being to this market. This integration with the European market has made it possible for the company to closely follow the newest developments in European integration within the field of security and defence; this integration improved further after the establishment of an office in Brussels in 2019. The company's aim with this office is to maintain its market share, but also to enhance its competitive edge and to follow the developments in European security and defence as closely as possible. Hence, early on the company identified the strategic developments in and significance of the changing nature of European integration in the aftermath of the Brexit referendum in 2016 and the publication of the Global Strategy in

June of the same year (EU 2016). Then President of the European Commission Jean-Claude Juncker's ambitions for a European Defence Union to create a role for the EU within the defence field, which were worked on in close cooperation with the French and German authorities, are illustrative of the ongoing changes in European security and defence at this time. In this regard, Kongsberg Defence and Aerospace AS was witnessing a convergence of state, European Commission and defence industrial interests (Béraud-Sudreau and Pannier 2020, 10), which made it necessary for the company to follow these developments. As a result of Juncker's ambitions, the defence package materialised, changing the nature of the European defence market. Of this package, the creation of the €8 billion EDF over the period 2021 to 2027 is the most significant factor.

The management of Kongsberg Defence and Aerospace AS believes it is vital to take part in the EDF since 'you will be excluded if you do not participate. If that is the case, nobody will want to talk to you'.¹ Since Norway is now a participant in the EDF, Norwegian defence companies operate under the same business conditions as other European companies, in full accordance with the EEA agreement. In this regard, the company states that it is satisfied with how the Norwegian authorities have handled the new market situation that has resulted from the creation of the EDF. The Norwegian Defence and Security Industry Association and Kongsberg Defence and Aerospace AS also consider membership of the Aerospace and Defence Industries Association of Europe (ASD) as strategically important to gain access on an equal footing to the European market. Through this membership, Kongsberg Defence and Aerospace AS gains information about ongoing and future policies and is able to influence future directives and regulations within the EU's security and defence field. This must also be seen from the perspective that the Norwegian defence industry is growing, making it important that it also gains resources from others. Thus, the importance of the EDF will also increase for the Norwegian defence industry. This is important from a European perspective as well, since the ASD is convinced that the EDF will help to develop Europe's defence capabilities and its industrial and technological base. Therefore, the ASD further states that in 'combination with other initiatives, namely PESCO and CARD, and in coordination with NATO, the EDF can lead to a real step-change in European defence cooperation' (ASD 2022). Norway's aim is to participate fully in this development as an EU outsider. This will be fundamental for European defence cooperation in the future and is also important for Norway's defence cooperation with larger EU member states such as France and Germany. Therefore, the Norwegian defence industry will also aim to take part in the forthcoming European Defence Investment Programme, which aims to contribute to closing European capability shortfalls (European Commission 2022). The war in Ukraine has made this an imperative.

The Russian attack on Ukraine led to Finnish and Swedish applications for NATO membership, resulting in the signing of accession protocols on 5 July 2022 (NATO 2022). In addition, in a referendum on 1 June 2022, Denmark voted overwhelmingly in favour of lifting its 30-year-old opt-out clause on EU defence policy. The accession of Finland and Sweden to NATO has been widely applauded in Norway. Politicians and military experts emphasise that the accession of these two countries will improve Nordic security, leading to a 'historical strengthening of NATO both politically and militarily'

(Solvang and Solli 2022). However, other analysts have, albeit cautiously, underlined that Norway might be at risk of marginalisation, since the country's position in NATO will change and it will no longer be able to claim that it is 'NATO in the North' (Halvorsen 2022). The Danish decision to remove its EU opt-out on defence has not, in contrast, gained much attention among Norwegian politicians. Instead, several politicians, both in government and in opposition, have underlined the centrality of NATO in European security and the EEA agreement as the foundation of Norway's relationship with the EU.

That the enlargement of NATO and Denmark's lifting its defence opt-out will contribute to an even better foundation for EU–NATO cooperation has not, therefore, gained that much attention among Norwegian politicians. This lack of interest confirms not only the country's Atlantic security identity, but also Norway's position as a status quo-seeking actor, even though the security environment has undergone fundamental changes (VG 2022). The reason for this is that Norway's relationship with the EU is the most contentious issue in Norwegian politics and one that tends to split almost all Norwegian political parties. Furthermore, this is an example of how domestic politics affects foreign policy and can determine the national interests of a country.

It is these same reasons that make the Norwegian relationship with the EU an interesting case for analysts conducting foreign policy analysis. Such an analysis also contributes to explaining why the enlargement of NATO and Denmark joining the EU's security and defence policies will, seemingly, have little influence on the conditions for the Norwegian defence industry in the European market. That being said, at the overarching security political level, Norway may be at risk of marginalisation, since the country will not share the same security status as the other Scandinavian states (apart from Iceland).

Conclusion

The conclusion we can draw from this analysis is that Norwegian participation in European security and defence involves some quite substantial paradoxes. On the one hand, Norway is sceptical of the EU as a security actor, and this has its origins in Norwegian foreign policy tradition. On the other hand, despite being outside the EU, Norway is involved in European security strategy at a practical level and is therefore also able to have some influence over it. To participate in the defence package, especially the EDF, but also PESCO, has become important to both the Norwegian defence industry and Norwegian security and defence actors more generally. We can also identify a development from 2018 to 2021 whereby Norwegian defence actors in the military forces, in the defence research community and in industry have gained more knowledge and experience of the EU within the security and defence field. This creates possibilities for taking a more comprehensive strategic approach to European security.

The likelihood of doing so is small, however. As this analysis illustrates, the paradoxes in Norway's policy on Europe have led to a situation in which the country is a status quo-seeking actor. Even though the war in Ukraine has changed the European security order, Norway continues to see European security through an Atlantic lens. Therefore, the forthcoming enlargement of NATO to include Finland and Sweden, and

Denmark giving up its reservations about EU defence, are regarded by Norwegian policymakers as enlargements of the Atlantic system of governance. Others might see these developments as part of a Europeanisation of European security in close cooperation with the US. There is, therefore, a discontinuity in Norwegian foreign policy which will most probably remain for some time.

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Note

1. Interview with an anonymous interviewee conducted on 8 September 2021.

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EU membership or oligarchic rule: The choice facing Georgia

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Abstract

This article reviews the recent developments with respect to Georgia's application to become a member of the EU, filed in March 2022. It addresses the circumstances under which the application was filed, the conditions tabled by the EU for granting Georgia candidate status, the challenges that lie ahead and what the EU can do to help Georgia overcome them. The article argues that without strong external pressure the conditions set by the EU are not likely to be met by Georgia's ruling regime.

Keywords

Georgia, EU membership, Oligarchy, EU conditionality

Introduction

From the inception of the European project, changing geopolitical realities have had a major impact on the evolution of the EU's foreign and security policy, as well as on the enlargement process. The relationship between the EU and the countries in its eastern neighbourhood is no exception. The Russo-Georgian war of 2008 became the incentive for the creation of the Eastern Partnership (EaP) initiative. Faced with the threat of spill-over effects on EU security from the major conflict in its neighbourhood, the EU member states recognised the need to upgrade their policy regarding their Eastern neighbours. While the policy did not envisage the prospect of membership for the partner countries, it offered them a clear path towards greater integration with the EU through Association Agreements (AAs) and Deep and Comprehensive Free Trade Area (DCFTA) treaties, visa-free travel and other instruments of gradual integration into the EU.

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At the time of the Russian invasion of Ukraine in February 2022, Ukraine, Georgia and Moldova had been implementing their AA and DCFTA agreements for several years and their citizens enjoyed visa-free movement within the EU. They formed a trio of successful EaP countries ready to ask for more from the EU. However, at no point had the EU indicated that there would be the prospect of membership for any one of these three countries in the foreseeable future. But just as the 2008 Russo-Georgian war had triggered the formation of the EaP, the Russo-Ukrainian war has proven to be an accelerator for the enlargement policy of the EU. To offer an anchor for its Western future to its citizens, on 28 February Ukraine applied for EU membership; it was swiftly followed by Moldova and Georgia on 3 March (Gehrke 2022). However, the European Council's decision regarding the applications of the three countries has led to the trio becoming a duo—Ukraine and Moldova have received the status of candidate countries, while the decision regarding Georgia has been deferred, contingent on the country implementing a set of conditions (European Council 2022a).

This article considers why Georgia has been told to wait for its candidate status, discusses the country's prospects and includes several suggestions for EU policymakers on how to deal with Georgia's case going forward. After considering both the domestic and international political context in which Georgia filed its application for EU membership, the article argues that for the application to succeed, pressure on the Georgian government will need to be applied both by the EU and internally by the opposition, non-governmental organisations (NGOs) and pro-democracy groups.

When war made the impossible possible

When EU leaders convened for informal meetings of the heads of state and government in Versailles, France on 10–11 March 2022 to discuss the Russian invasion of Ukraine, the Ukrainians, Moldovans and Georgians awaited their decisions with anticipation, and a mixture of hope and fear. The Versailles Declaration would be the first formal response of the EU to the appeals of the Eastern Partners to become fully fledged members of the Union, filed a few days earlier. While non-committal, the declaration gave a green light to considering the applications of all three, stating that the Council acknowledged the European aspirations and the European choice of Ukraine, and inviting the Commission to submit its opinion on these applications in line with the relevant provisions of the treaties for all three countries. This was a historic breakthrough and marked a new chapter in the relationships of the three Eastern Partners with the EU (European Council 2022b).

The Versailles Declaration was followed by the equally unprecedented commitment of the European Commission to prepare opinions on the applications in an expedient manner. In the process, the EU has demonstrated that, when necessary, it can act with great speed and resolve in response to geopolitical challenges. Just three months after Ukraine, Georgia and Moldova applied for membership, the European Commission produced opinions assessing the capacity of each country to meet the criteria for EU membership set by the European Councils of Copenhagen in 1993 and Madrid in 1995. It also

assessed the implementation of the obligations under the AAs and DCFTAs. Unlike Ukraine and Moldova, Georgia did not receive a candidate status endorsement from the Commission, or subsequently from the Council. The opinion stated that ‘Georgia should be given the perspective to become a member of the European Union . . . and granted candidate status once the Georgian government meets the conditions outlined . . .’ (European Commission 2022).

Political context leading to the EU’s decision

The 2020 electoral promise of Georgia’s ruling party, Georgian Dream (Qartuli Otsneba), to table an application for EU membership in 2024 had already seemed like a far-fetched idea for a country which was experiencing major setbacks as far as democracy and rule of law were concerned (*Transparency International* 2020). However, the parliamentary elections themselves, barely endorsed as legitimate by the international community (Shaheen 2021), and subsequent political developments—constant political crises, ongoing prosecutions of political and media leaders, and decision of the governing party to unilaterally declare the April 2021 political agreement negotiated by European Council President Charles Michel annulled—had not brought Georgia any closer to its European vocation. Hence, when Ukraine applied for EU membership, the opinion of Georgia’s ruling party was divided as to whether applying for membership would be beneficial for its political future—refusal of the EU to grant candidacy status could be politically too costly (*Civil.ge* 2022b). While some 50,000 Georgian citizens were rallying in the streets to protest the government’s lack of support for Ukraine in February and March 2022, they were also demanding a European future for Georgia (*RFE/RL* 2022b). The Georgian government had no option but to apply for membership together with Ukraine and Moldova—the public outrage had it chosen not to do so would have been too great. However, what has followed this decision can only be described as a consistent attempt to undermine the success of the application by the very government that decided to make it.

If a less-than-stellar record on democracy in 2020–1 was not enough, just days ahead of the EU’s decision, the government decided to arrest Nick Gvaramia, director of the independent TV station Mtavari Arkhi, who was already the long-standing subject of bogus charges (*RFE/RL* 2022a). Georgia’s chances of candidacy had been slim at best, but this proved to be the straw that broke the camel’s back. While often criticising the Georgian authorities for democratic shortcomings, the European Parliament has traditionally been reluctant to adopt an ‘emergency resolution’, the parliamentary instrument used to signal a particular concern regarding the state of human rights and rule of law in partner countries. Friends of Georgia across the political spectrum in the European Parliament had always been concerned that adopting such a resolution would damage Georgia’s EU integration process and had historically been reluctant to do so. The arrest of Gvaramia just days before the Council’s decision left the Parliament with no choice. Among all the Parliamentary documents adopted regarding EU–Georgia relations over the years, the ‘Joint Motion for a Resolution on violations of media freedom and safety

of journalists in Georgia', adopted on 9 June (European Parliament 2022), and supported by the overwhelming majority of the Parliament, is the most critical of any Georgian government's record on rule of law and democracy. In addition to expressing serious concern regarding the state of media freedom, the political motivations of the justice system and the lack of rule of law in Georgia, the resolution also broke historical ground when it demanded the sanctioning of oligarch Bidzina Ivanishvili, the Russian-made billionaire who informally runs the country (European Parliament 2022).

Georgia's reaction

Public outrage at the authorities following the decision of the Council was considerable, with thousands of Georgian citizens taking to the streets to support Georgia's European future and demand the resignation of the government (*Euractiv.com* 2022). Rather than expressing a clear commitment to reform, the Georgian government produced an anti-Western and anti-opposition propaganda campaign in anticipation of the EU's negative decision. The government and state-controlled media blamed the opposition and NGOs, accusing them of lobbying against EU membership (the author of the current article was declared a national traitor by Prime Minister Garibashvili in a speech to the parliament) (*Pia.ge* 2022). Furthermore, the authorities launched a campaign against Members of the European Parliament (*Georgian Journal* 2022), the EU ambassador to Georgia and others, accusing all of them of undermining Georgia's chances of joining the EU (Gabritchidze 2022b). They also lashed out at the EU for taking an unfair decision, claiming that Georgia was ahead of Ukraine and Moldova in terms of the implementation of its AA and DCFTA and in the harmonisation process, often implying that Georgia was paying the price for not joining the sanctions regime against Russia and refusing to open a second front against Putin in Georgia (Gabritchidze 2022a).

While the propaganda might be persuasive to hardcore supporters of the Georgian Dream, the majority of Georgian citizens expect the government to implement the needed reforms or be accountable. The protest movement has faded for now, but the current situation resembles the calm before the storm as Georgia awaits the next round of assessments from the European Commission, expected by the end of 2022.

The EU's conditions

The conditions tabled by the European Commission and the Council later in June mostly concerned issues that dealt with alignment with the Copenhagen Criteria. These included taking steps towards depolarisation and securing cooperation across political parties in the spirit of the 19 April political agreement; strengthening the independence of the judiciary and all state institutions; increasing democratic oversight; reform of the electoral system; securing the independence of the office of public defender; addressing media independence and the rights of vulnerable groups; addressing corruption; and taking steps towards 'de-oligarchisation' by eliminating the excessive influence of vested interests on economic, political and public life (European Commission 2022).

Will the EU's conditions be met?

At the time of writing, almost three months since the publication of the European Commission's opinion and the conditions it set out, there have been no tangible moves towards implementing the necessary changes. The government of Georgia has presented its 'plan' for taking the relevant steps, which can only be described as a promise to create the relevant 'working groups' and a timetable for delivery of the results, without much substance (*Civil.ge 2022a*). As the government-led process has moved forward, the largest part of the political opposition has expressed concern that the process will be another exercise in 'formal compliance', and has refused to participate in the parliamentary working groups. Georgian NGOs have presented a much more substantive vision for implementing the recommendations, and the majority of them have expressed a readiness to participate in the government-led process of preparing the needed reforms. However, as the Georgian Dream has excluded some of the most-experienced NGOs working on election issues from the relevant working groups, the decision of the opposition not to engage with the government has been shown to be valid (*Civil.ge 2022c*).

Over the summer holidays the opposition has created its plan for fulfilling the EU's conditions for granting candidacy status. In the coming months political parties, NGOs and the Georgian government will all be involved in the difficult political process, with the NGOs and opposition groups, which are largely coordinated in their vision, attempting to put pressure on the government to implement the needed reforms. The stakes are high, as are the expectations of the Georgian people, who, according to all polls, remain deeply committed to the country's European future (*Agenda.ge 2022*). Hopes that the government of the Georgian Dream, run from the shadows by the oligarch Ivanishvili, will deliver the reforms demanded by the EU, are low.

The particular challenge of Georgia: one oligarch rule

While Georgia is not the only country in the former Soviet space to suffer from the influence of oligarchs on the political and economic process, it certainly faces a unique challenge. Bidzina Ivanishvili, whose decision to get involved in Georgian politics in 2012 altered the Georgian political scene, holds in his private wealth economic resources roughly equivalent to 30% of Georgia's GDP (*Transparency International 2020*). An extensive report by Transparency International in 2020 on state capture by his private interests found that

a single person keeps a firm grip on Georgia's executive government that has been made free of democratic checks and balances through weak Parliamentary oversight and an unofficial pact of no interference and mutual support with an influential group of judges in complete control of the judiciary. Without holding any official position of public accountability, Bidzina Ivanishvili has successfully managed to place key Georgian public institutions, including ones supposed to be independent by law, in the service of his private business interests and security. (*Transparency International 2020, 1*)

Securing the independence of the judiciary and other state institutions, increasing democratic oversight and introducing a real anti-corruption policy, all of which form the conditions set out by the EU, amount to putting an end to Ivanishvili's rule in Georgia and to state capture by oligarchic interests, that is, to de-oligarchisation.

In effect, what the EU has demanded from the Georgian Dream government is that it starts the process of self-liquidation. The playbook of Ivanishvili and his party is not that dissimilar to those used by other kleptocratic authoritarian rulers. It involves control over the judicial, prosecutorial and law enforcement services; a powerful propaganda machinery; an election system that always tilts the balance in favour of the ruling party; a reward system for loyal businesses and punishment for independent ones; and scores of government-friendly NGOs. Asking Ivanishvili's party to dismantle this system and take steps towards accountability, transparency and the strengthening of democratic institutions is effectively asking it to cut down the pillars of its power. If anything, the intention of the ruling party seems to be to use some of the EU's demands, for example, the one regarding de-oligarchisation, to reduce the political and media space in Georgia by pushing through the law on oligarchs in a way that is tailored to remove rivals from the political competition and close down independent media. This is why the main demands of the protest rallies held in Georgia following the refusal of the EU to grant the country candidacy status were for the resignation of Ivanishvili's government, the formation of a temporary government of national unity by politically unaffiliated professionals who could secure the reforms needed to fulfil the EU's conditions, and the preparation of the country for early elections, securing the environment needed for free and fair elections. As none of these demands was reciprocated by the government, the ball is in the court of the Georgian Dream, with Georgians waiting for the EU's next assessment, which, if negative, will most likely trigger a new wave of public protest.

Conclusion

While the relationship between the EU and non-member states seeking to join the EU is always one of asymmetrical dependency, the state of play of Georgia's bid for EU membership has empowered the EU to be the broker of change in the country on an unprecedented level. The European future of Georgia now largely depends on the EU's willingness to wield this power.

Georgia is a strongly and unequivocally pro-Western country in terms of the choices and sentiments of its citizens. Notwithstanding the reservations expressed above concerning the good faith of the current Georgian government to implement the reforms demanded by the EU, the public pressure to deliver results is strong enough to incentivise any political regime to create a positive dynamic with the EU. The country might yet still experience its 'Yanukovych moment' if the Georgian public decides that Ivanishvili's government has given up on efforts to secure a European future for Georgia. However, at this point, the country is waiting for the government to deliver results, and for the European response to these results. The EU's leverage has, therefore, peaked. The decision of the European Council has brought hope to Georgian citizens that down the line

there is the prospect of EU membership—thus, their commitment to Georgia’s European future has strengthened. With a set of concrete conditions to meet, Georgia now has a roadmap for moving forward.

In the coming months, as the EU starts assessing the progress or lack of it in implementing the reforms required, it has very reliable partners to work with to pressure the government—the citizens of Georgia, NGOs, the free media and the pro-democratic opposition. The assessments of the EU should be widely available to the public, framed and explained in clear and sound language, understandable to Georgian citizens and not containing bureaucratic jargon. The assessments must also be delivered at a high political level—with the EU’s political leadership showing both its commitment to Georgia’s European future and a readiness put pressure on the government. If the government delivers even some of the reforms requested by the EU, it will benefit the country as it will entail improvements to the government’s accountability and democratic process. If it fails, the citizens of Georgia need to know who is responsible.

The EU experienced a serious setback in Georgia when the political agreement negotiated by the European Council president in 2021 was undermined by the ruling party. However, the membership application process has different dynamics. Georgians know that it concerns their future; they need to know that the EU is committed to that future. The stakes are high for the EU as well. Georgia is the EU’s stronghold in the volatile Black Sea/South Caucasus region and has a vital transit role in securing the EU’s energy independence—the top EU priority *du jour*. The failure of Georgia’s EU aspirations would be a tragedy for the Georgian nation, but it would undermine the EU’s strategic interests in the region as well.

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States as platforms following the new EU regulations on online platforms

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Abstract

The recent adoption by the European Parliament of the Digital Services Act means that, when it comes into effect, it will formally introduce into EU law the term ‘online platforms’. In effect, between the Digital Services Act and the Digital Markets Act, a comprehensive framework for the regulation of online platforms is being introduced into EU law, the first of its kind both in Europe and internationally. However, European regulatory innovation invites a different viewpoint: Could states be considered platforms? What if this new regulatory framework was applied to states themselves? This article first outlines the regulations on online platforms in EU law. Then it discusses the role of states as information brokers in order to support its main argument, that states can be viewed as (online) platforms. A discussion of the consequences of such a conclusion is included in the final part of this analysis.

Keywords

DSA (Digital Services Act), DMA (Digital Markets Act), Online platforms, Role of the state

Introduction

In July 2022 the European Parliament adopted the Digital Services Act (DSA) (European Commission 2020a). When it comes into effect, this legislation will formally introduce into EU law the term ‘online platforms’. Such a platform (according to the Commission’s original proposal, at least) is meant to be ‘a provider of a hosting service which, at the request of a recipient of the service, stores and disseminates to the public information’ (DSA, art. 2, h). A hosting service, in turn, ‘consists of the storage of information

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provided by, and at the request of, a recipient of the service' (DSA, art. 2, f). Therefore, between the DSA and the Digital Markets Act (DMA) (European Commission 2020b), which was simultaneously adopted as part of a single Digital Services Act package, a comprehensive framework for the regulation of online platforms is being introduced into EU law, the first of its kind both in Europe and internationally.

What are these platforms, and more specifically online platforms, that have attracted the EU legislator's attention? Platforms are in essence theoretical information structures or systems, and it is in this meaning that the term is encountered in EU law. However, in the real, non-digital world, the term denotes a 'flat raised area or structure' (Cambridge dictionary) or 'a raised level surface on which people or things can stand' (Oxford dictionary). In the real world the term is also employed metaphorically to denote sets of policies or ideas. What is common in both cases is differentiation, even exceptionalism. A platform is elevated, and each set of ideas is unique. Thus, one platform can be distinguished from others. But a platform is also interconnected with other platforms around it: a platform cannot exist in a void. Finally, platforms share basic rules that are applicable to all their participants. It is perhaps these characteristics of real-world platforms that make the word suitable to describe large information systems in the digital world.

However, European regulatory innovation in the field invites a different viewpoint: Could states themselves be considered platforms? What if this newly finalised EU regulatory framework was applied to states? What insights into the role of states could be derived from the EU regulations on online platforms?

This article expands on a recent blog post that served to launch this idea (Papakonstantinou 2022). The first part outlines the regulation of online platforms in EU law in order to provide the necessary regulatory background for the analysis that follows. Then the role of states as information brokers is discussed to support the main argument of this article, that states themselves can be viewed as (online) platforms. The final, concluding part of this analysis examines the consequences of this idea.

The regulation of online platforms in EU law

The EU's first attempt to regulate online platforms came through the 'P2B Regulation' (Platforms-to-Business Regulation) (European Parliament and Council 2019). In the Commission's words, the P2B Regulation is the 'first ever set of rules for creating a fair, transparent and predictable business environment for smaller businesses and traders on online platforms' (European Commission 2019). While this regulation aims to regulate the relationship between online platforms and their business users, it is the DSA, and to a lesser extent the DMA, that are expected to govern the other side of the spectrum, namely the relationships between online platforms and their individual users or consumers.

The EU legislator regulates online platforms mostly to impose certain obligations upon them and much less to help them develop further or to justify their continued

existence. From a business-to-business point of view, online platforms are required to communicate their rules and regulations in a plain and understandable manner, to observe an appropriate notice period in the event of amendments, and to ensure that any adverse actions (e.g. restrictions on, or suspensions or terminations of accounts) are justified and contestable. The combined forces of the DSA and the DMA provide a much more detailed protective framework for the benefit of individuals (platform users), usually in connection with the largest online platforms (the ‘gatekeepers’). Among other things, online platforms are required to install takedown mechanisms complete with objection procedures, implement risk assessments and risk protocols, and have compliance officers. They must also avoid ‘practices that limit contestability or are unfair’ (DMA, Chapter III), for example exclusivity (locking in users) or preferential treatment (ranking), and encourage interoperability or the porting of users’ data to competitors’ platforms.

While the EU has taken a bold first step towards regulating online platforms, the question is whether this line of thinking can usefully be applied to states (be they member states or others). To examine this, given that online platforms are essentially information structures, first a new view of the role of states throughout human history, that of information brokers, will be elaborated.

The role of states as information brokers

States, in the sense of organised societies, are first and foremost information brokers for their subjects or citizens.¹ While this may have become obvious only after the Information Revolution drew attention to information itself, this has been a feature of states since their inception. Immediately at birth humans are vested with state-provided information: a name² as well as a specific nationality (Hegel 1820/1991, para. 75 addition). Without these a person cannot exist. A nameless person is unthinkable in human societies. Although it is the family that provides a person with a name when he or she is born, without a specific mechanism to formally acknowledge it, such a name could function only among a very small number of people.³ It is therefore a state (in the above meaning) that, in the first instance, validates a person’s name and then is responsible for its safekeeping through specific bureaucratic mechanisms (in any case, this safekeeping is in the state’s own interest). The second type of essential information provided by the state at the time of birth of any individual is nationality. Like being without a name, a stateless person is unthinkable in human societies.⁴

The above-mentioned two kinds of information are enriched much more within modern, bureaucratic states. Education and employment, family status, property rights, taxation and social security are all information (co-) created⁵ by states and their citizens or subjects. For the purposes of this analysis, this type of personal information will be called ‘basic personal data’. It is after this information has been created that the most important role of states as information brokers comes into play: states safely store and further disseminate these data. This is of paramount importance to individuals. To live their lives in any meaningful manner, individuals need to have their basic personal data, first, safely stored and, second, made transmittable by their respective states. As regards

storage, individuals need to have their basic personal data safely stored for the rest of their lives and for a short period thereafter (at least until their property rights expire). If they are to be able to enter into transactions with third parties during their lives, this information cannot be lost⁶ or tampered with. Second, individuals need to have this information disseminated to third parties through the intermediation of the state, which validates this transmission. Trust in human transactions is tacitly provided by the state, through its validation (or even direct transmission) of the personal information concerned.

Information brokerage is therefore the primary role of the state, taking precedence over all others. Nameless or stateless individuals are unthinkable. If their basic personal information is not safely stored and transmittable, individuals cannot live any sort of meaningful life. This point no political theory can gainsay. If a state ‘loses’ a birth certificate or a family record, the people concerned need to replace them immediately with the assistance of another state, unless they plan to live a life in limbo—and in great insecurity. Ultimately, the most fundamental role of a state, the provision of security, is meaningless unless its function as an information broker has been provided and remains in effect—that is, unless the state knows who to protect.⁷ However, it is obvious that the type of life a person, equipped with his or her basic personal data, will then go on to live can proceed in any direction. Depending on the type of society involved, control over the storage and dissemination of basic personal data lies to a greater or lesser extent with the state concerned. In other words, what basic personal data is stored and how it can be used depends on the society one lives in, for example, whether it is democratic or not. The state may apply larger or smaller restrictions.

States as platforms

Could states be perceived as platforms? First of all, one could easily remove the digital part of the definition of online platforms. Although critical for the purposes of the DSA and DMA, the DSA’s definition may well apply in the real world too: platforms store and disseminate information to the public at the request of their users. The user could be any individual (citizen or subject), and the public could be the whole world. A state viewed as a platform would then be the intermediary in a flow of information from its citizens (users, individuals) to everybody else. Viewed in this way, online platforms essentially coincide with the state as information broker, as argued above. Put differently, states have actually functioned as platforms, albeit in the real world, since the first organised societies emerged.

The thesis that states function as platforms is further supported by the unique characteristics of real-world platforms, as discussed earlier. The philosophy of state-building holds that differentiation and uniqueness are basic characteristics of the state—arguably, the acknowledgement that this is so is the reason behind the EU’s paramount principle of subsidiarity (Fabbrini 2018, 223). The interconnectedness necessary among platforms is in evidence both in bilateral state relationships and in the freedom of movement of individuals between states (whether complete, as in the EU, or restricted). Finally, a set of

basic, common rules is necessary for all platforms to operate: in the case of states these rules are their respective legal systems.

While an analysis of the role of states as platforms exceeds the limits of this article, the new EU regulations on online platforms invite a new perspective, one enhanced by the new digital conditions. Online circumstances and the primacy of the role of information—in the context of ‘data is the new oil’ (Bhageshpur 2019)—mean that the role of the state perhaps needs to be reviewed from this perspective. Arguably, the main difference between online platforms, as understood by the EU legislator, and states is validation. Through their authority states validate the information stored and disseminated by them, while online platforms today are in no position to assume this role: even for identity verification, they resort to state authority for validation of the information concerned. Here again, then, the role of states as platforms comes to the fore: that of safely storing and authoritatively disseminating the information for which they are responsible.

What are the consequences of viewing states as platforms?

What practical conclusions can be drawn if states are viewed as platforms? With regard to the role of states as platforms or information brokers, a full analysis far exceeds the scope of this article. However, as regards the online environment, a number of issues immediately come to mind on the basis of the newly released EU legislation. In essence, the whole discussion on online platforms and platformisation needs to be transferred from the market to the polis.

The Commission’s initiatives are apparently predicated on market logic. To be more specific, the online platform economy and the dominance of online gatekeepers have made necessary a protective regulatory approach, fundamental to which is that the market needs to remain contestable. Equating the state to a market would have grave consequences. The state does not need to be contestable, and nor should its monopoly on providing basic information services to its residents be overturned. This is why the Commission’s regulatory initiatives may serve only to offer hints or insights as to a possible new role for the state. They open up new perspectives but do not provide final solutions. In other words, it would be unthinkable to simply replace ‘online platforms’ in the texts of the DMA and the DSA with ‘the state’.

At first glance such new insights would come to light if whatever the EU legislator requires of online platforms was made mandatory for states as well. To some extent this has already been accomplished: accountability and transparency run deep, at least in democratic states, through the separation of powers and the rule of law. There are, however, other issues that may be more disputable. For example, if applied to states, the right to the portability of data between online platforms implies the freedom of movement. Given that users are enabled and even encouraged to carry their data from platform to platform, if states were perceived as platforms, should individuals not be enabled to move freely among states too? Similarly, if an obligation of interoperability were to be imposed upon platforms, and states are also considered platforms, would this not mean

that states need to harmonise their administrative procedures to achieve a ready transferability of certificates, authorisations and administrative acts at a transnational level as well? These requirements would perhaps be harder for states to swallow because of their prerogative to act independently. Given the ‘information wants to be free’ dictum,⁸ a states-as-platforms mentality might threaten traditional notions of state sovereignty. It is in this light that the role of constellations, in the sense of assemblies of platform-states, comes to the fore. One such constellation is the EU itself. Within such constellations, applying the requirements for platforms to states makes better sense. Within the EU, which could ultimately form a platform itself, the role of states as information brokers is achievable without loss of their informational sovereignty.

The role of states-as-platforms may carry broader consequences than those outlined in the DMA and DSA texts. As regards individuals, each becomes an ‘informational being’, a carrier of information that consists, at a minimum, of his or her basic personal data. This is different from individuals’ role as ‘data subjects’ within the EU’s personal data protection system (European Parliament and Council 2019, art. 4(1)). While the role of individuals as data subjects has been well examined within EU data protection law using the informational self-determination approach (Rouvroy and Poullet 2009), individuals as carriers of information are distinguishable only within a states-as-platforms context. In practice, while personal data protection (like all fundamental human rights) involves placing individuals and their personal information against the state (or, if needed, other individuals),⁹ states-as-platforms afford individuals the possibility of creating information or, more basically, of existing within human societies. This new perspective invites the creation of a different set of rights and obligations for states and individuals. There is no longer conflict but rather co-dependence. The state needs (both in the interests of individuals but also for its own self-interest) to treat this information responsibly: to preserve and protect it during the lifetime of its citizens or subjects and thereafter. For their part, individuals cannot, in a straightforward manner at least, get rid of their basic information even if they want to: they carry the burden, and privilege, of living with it for the rest of their lives—and thereafter.

Viewed from the states’ perspective, their obligation to preserve and protect information within their role as platforms carries other far-reaching implications. For example, they need to preserve the (entire) digital footprint of their citizens and subjects. The alternatives are as follows. (1) States need to take into account information continuity or even mitigate risks connected with information leakage in the event that they cease to exist, due to war or some other situation. (2) States need to provide individuals with platform-relevant tools (i.e. software) to port their information. (3) States need to provide platform-relevant tools to enhance collaboration or to improve the lives of their citizens or subjects (through education, training etc.).

In addition, future developments may bring the role of states-as-platforms to the fore. To date states have merely digitised the offline lives of their citizens, through e-government or similar applications. At some point, however, this task will have been completed. If at that juncture states, assisted by technology and a digital lifestyle, start operating a

digital space in which their citizens can live, in the form of the metaverse or in some other form, their roles as platforms will forcefully come to the fore.

Conclusion

It is the Information Revolution that produced for states the role as platforms, in the sense of being visible information brokers. Current online circumstances have made the regulation of online platforms necessary. However the EU's ambitious engagement in the field invites questions as to whether its newly formed regulations also affect the role of states as platforms. In particular, their relationship with their subjects or citizens (i.e. platform users) may be affected or at least better substantiated. The increased pace of the digital transformation of our lives will unavoidably broaden this discussion even further.

Notes

1. The role of states in assembling informational capital has indeed been identified, for example, by Bourdieu. However, the role that the current article assigns to states differs considerably from what Bourdieu considers a state's main task, i.e. to 'measure, count, assess, investigate' (2015, 213).
2. This is certainly true in modern, centralised bureaucratic states, but the same has arguably been the case in any organised society: an Iron Age empire, a city-state, the Roman Empire, Medieval Europe etc. (Breckenridge and Szreter 2012, 1). In other words, ever since the first organised human societies emerged, individuals have needed to be registered, if only for taxation and military service purposes (Bayly 2012, xi). In addition, the rights that in some form or another have invariably been granted to society members (see, for example, Grubbs and Parkin 2013, 9) have necessitated the identification of the people involved.
3. Herzog notes that 'for many years historians assumed that there were absolutely no rules indicating who would be called what, or guaranteeing that a person would use the same name throughout his or her life' (2012, 199). But for the purposes of this article, actual use is irrelevant. It should also be borne in mind that consistency in name giving is in the state's own interest. Whether a given person lives an extremely localised life and is therefore not in need of a formal name is beside the point.
4. See, however, Kelsen (2006, 241), who nevertheless accepts the distinction between subjects and citizens.
5. The role of the state, however, is not that of a trusted third party. The state does not simply safeguard information on its subjects that was created by the subjects themselves but instead actively participates in its creation by establishing and maintaining the institutions within which creation of this information becomes possible.
6. Consider *damnatio memoriae* in this regard.
7. Similarly, even if a different political theory holds that the primary role of the state is justice, it remains true that the state needs to know who its recipients are.
8. A phrase attributed to Steward Brand (1987, 202). This famous aphorism went on to say 'information wants to be expensive, because it's so valuable.' Perhaps the full statement makes better sense in the context of states as platforms.
9. For example, the German Federal Constitutional Court defined the right to self-determination as the 'authority of the individual to decide himself, on the basis of the idea of self-determination, when and within what limits information about his private life should be communicated to others.' Cited in Rouvroy and Pouillet (2009, 45).

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Hardwired . . . to self-destruct: The (un)remarkable prime ministership of Liz Truss

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Liza Kutllovci

Brexit and its political aftermath have exacerbated the challenges facing the UK, leaving the country in crisis due to inflation and economic turmoil. With Boris Johnson banished from 10 Downing Street, Britain needed a leader to stabilise the country, to guide it through a difficult winter and to revitalise the pound, and so in Liz the citizens hoped to ‘trusst’. As the new prime minister, Liz Truss came to power in turbulent times with a pledge to grow the economy. However, her leadership did not last long due to the puzzling mini-budget that led to her downfall (Partington 2022). Following an unsuccessful display of leadership and questionable moves in terms of a controversial economic plan and subsequent U-turn on tax, Britain has been focused on this crisis for the last few weeks (Hurler 2022). Truss’s leadership has gone beyond all the chaos of Boris, Brexit and even the bank bailouts of 2007 (McTague 2022). It has destabilised the country and triggered its economic downgrading to the point that the nation’s credibility has even been called into question (McTague 2022).

Truss’s chaotic economic plan forced her to resign just 45 days into her tenure, making her Britain’s shortest-serving prime minister and remembered only for the economic instability created due to her weak policies and leadership (*The Economist* 2022). This chaos was the result of the financial fallout from her tax cuts, which wrecked the markets, consequently increasing the cost of mortgages, damaging the value of the pound and risking the value of pension funds (Elliot 2022). Truss and Kwasi Kwarteng, her short-serving chancellor of the exchequer, believed the tax cuts would boost the economy in the long run and backed them, believing this would restore market confidence (*BBC News* 2022). With the negative reaction to this plan being immediate, Truss began cutting bits of the mini budget, but this only further increased the economic and political instability (McTague 2022).

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To respect the aims of Brexit and the wishes of its supporters, the UK's economy ought to have been transformed into a 'tax haven', free from the financial and social rules of the EU. The expected post-Brexit economic growth was initially delayed due to the Covid-19 pandemic and then failed to materialise under Truss's leadership due to the financial panic she created (*Le Monde* 2022). Truss's downfall will go down in history as unique both in the speed with which it happened and the effect it had on the UK's international image. Britain's once positive image, grounded in its prosperity and strong institutions, has been tarnished, due to its weak governing body and much-reduced wealth. Truss's government has helped to make this visible for everyone (McTague 2022).

With Truss gone, the UK economy is expected to stabilise. However, Britain's economic and political crisis will remain in the years to come. While inflation remains high and the value of the pound remains low, the UK will continue to face troublesome financial instability. Sunak's government will face a difficult period of transition (Ioanes 2022).

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The EU's Relations With a Future Democratic Russia: A Strategy

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Since its unprovoked invasion of Ukraine, President Vladimir Putin’s Russia has become the greatest threat to peace and stability in Europe. Even before launching the invasion in February 2022, Russia had become the source of many of Europe’s security problems and challenges. Russia’s behaviour is due to its autocratic government and the absence of political checks and balances on Putin. However, if Russia were a democracy, European security and the EU’s relations with Moscow might look very different. This policy brief discusses what a democratic Russia would mean for Europe. It presents a strategy that the EU could follow in its relations with a democratic Russia—a strategy that includes both carrots and sticks. It is necessary to have such a strategy ready now so that the EU can show the Russian people, even during this time of war, that there is a chance to have a more normal life if Russia were to be transformed. That said, for any of this to happen, Putin’s Russia must lose the war in Ukraine.

Author biographies



Summary

Since its unprovoked invasion of Ukraine, President Vladimir Putin's Russia has become the greatest threat to peace and stability in Europe. Even before launching the invasion in February 2022, Russia had become the source of many of Europe's security problems and challenges. Russia's behaviour is due to its autocratic government and the absence of political checks and balances on Putin. However, if Russia were a democracy, European security and the EU's relations with Moscow might look very different. This policy brief discusses what a democratic Russia would mean for Europe. It presents a strategy that the EU could follow in its relations with a democratic Russia—a strategy that includes both carrots and sticks. It is necessary to have such a strategy ready now so that the EU can show the Russian people, even during this time of war, that there is a chance to have a more normal life if Russia were to be transformed. That said, for any of this to happen, Putin's Russia must lose the war in Ukraine.

Keywords: EU – Russia – Democracy – Strategy – Future relations – Reform

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GDP, not the Bond Yield, should Remain the Anchor of the EU Fiscal Framework

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Fredrik N. G. Andersson and Lars Jonung

Declining bond yields and rising public debts have caused many economists to suggest raising the debt ceiling in the EU's Stability and Growth Pact. Implicitly, they argue for replacing GDP as the anchor with the bond yield. We discuss the risks of such a shift. While such a change would provide short-term relief to highly indebted EU member states, it is based on the expectation that bond yields will remain low for the foreseeable future. The historical record, however, suggests that prolonged periods of low real bond yields are eventually replaced by periods of high real bond yields. And this phase may have already started. From a long-term sustainability perspective, we conclude that GDP serves as a better long-term anchor for the EU fiscal framework than the bond rate.

Author biographies



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Summary

Declining bond yields and rising public debts have caused many economists to suggest raising the debt ceiling in the EU's Stability and Growth Pact. Implicitly, they argue for replacing GDP as the anchor with the bond yield. We discuss the risks of such a shift. While such a change would provide short-term relief to highly indebted EU member states, it is based on the expectation that bond yields will remain low for the foreseeable future. The historical record, however, suggests that prolonged periods of low real bond yields are eventually replaced by periods of high real bond yields. And this phase may have already started. From a long-term sustainability perspective, we conclude that GDP serves as a better long-term anchor for the EU fiscal framework than the bond rate.

Keywords: Fiscal framework, European Union, ECB, government debt, sustainability

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NATO's New Strategic Concept: What Should We Expect?

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Jamie Shea

A highlight of NATO's forthcoming summit in Madrid in June 2022 will be the publication of its new Strategic Concept, a mission statement of the role and purpose of the alliance over the next decade. These periodic exercises by international organisations are frequently derided by critics as bureaucratic documents that reflect painful compromises, the lowest common denominator of consensus among the member states and wish lists of ambitions that are rarely implemented. Another criticism is that in a fast-changing world, the tasks and priorities that feature in these concepts are soon out of date and that what is not mentioned tends to quickly become more significant than what is included. Yet in the case of NATO, this criticism would be misplaced. War has returned to Europe, and military threats to the alliance's security are now more real than they have been at any time since the height of the Cold War. If all of NATO's 30 member states are to remain secure (and the number will eventually reach 32 when Finland and Sweden join), the alliance has to get its strategy for deterrence and collective defence right. It also needs to reduce Russia's capability to inflict harm on its member states and partners over the long run, while managing crises and avoiding dangerous escalation. Thus, NATO's critical choices now and in the immediate future carry unusually large risks and strategic consequences. This is why we should all be paying close attention to the debates on its new Strategic Concept which are currently taking place inside NATO. What is still valid in the existing concept, which dates back to 2010? And where can we expect new orientations and policy objectives? Will Russia's invasion of Ukraine make it easier or harder for allies to reach consensus?

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NATO's New Strategic Concept
What Should We Expect?
Jamie Shea

Summary
June 2022

A highlight of NATO's forthcoming summit in Madrid in June 2022 will be the publication of its new Strategic Concept, a mission statement of the role and purpose of the alliance over the next decade. These periodic exercises by international organisations are frequently derided by critics as hollow, cosmetic documents that reflect political consensus, the lowest common denominator of consensus among the member states and which sets of intentions that are rarely implemented. Another criticism is that in a fast changing world, the issues and priorities that feature in these concepts are soon out of date and that what is not mentioned tends to quickly become more significant than what is included. In the case of NATO, this criticism would be misguided. The two related to Europe, and military threats to the alliance's security are now more real than they have been at any time since the height of the Cold War. If all of NATO's 30 member states are to remain secure (and the number will inevitably reach 37 when Finland and Sweden join), the alliance has to get its strategy for deterrence and collective defence right. It also needs to reduce Russia's capacity to inflict harm on its member states and partners over the long run, while managing crises and avoiding emergency escalations. Thus, NATO's critical concerns now and in the immediate future are unusually large risks and strategic consequences. This is why we should all be paying close attention to the decisions on its new Strategic Concept which are currently taking place inside NATO. What is at stake in the coming months, which dates back to 2007? And where can we expect new opportunities and policy options? (See Shea's booklets of how to make better or harder for allies to reach consensus?)

Keywords: Deterrence – Defence – Russia – Ukraine – Burden sharing – Hybrid warfare – Resilience – Emerging challenges

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Standing in Unity, Respecting Diversity: A Survey Into Citizens' Perspectives on the Future of Europe

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Federico Ottavio Reho and Anne Blanksma Çeta

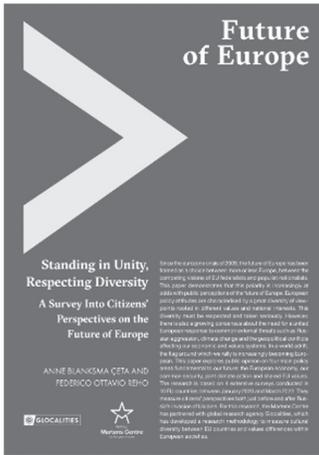
Since the eurozone crisis of 2009, the future of Europe has been framed as a choice between more or less Europe, between the competing visions of EU federalists and populist nationalists. This paper demonstrates that this polarity is increasingly at odds with public perceptions of the future of Europe. European policy attitudes are characterised by a great diversity of viewpoints rooted in different values and national interests. This diversity must be respected and taken seriously. However, there is also a growing consensus about the need for a united European response to common external threats such as Russian aggression, climate change and the geopolitical conflicts affecting our economic and values systems. In a world adrift, the flag around which we rally is increasingly becoming European. This paper explores public opinion on four main policy areas fundamental to our future: the European economy, our common security, joint climate action and shared EU values. The research is based on 4 extensive surveys conducted in 10 EU countries between January 2020 and March 2022. They measure citizens' perspectives both just before and after Russia's invasion of Ukraine. For this research, the Martens Centre has partnered with global research agency Glocalities, which has developed a research methodology to measure cultural diversity between EU countries and values differences within European societies.

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Regulating the Digital Future: A Centre–Right Approach to Crypto Assets and Digital Currencies

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Dimitar Lilkov and Eoin Drea

Digital finance is now part of the financial mainstream. This paper provides recommendations aimed at making the EU a stronger global player in digital finance and digital currencies. It also seeks to place the centre–right as the key driver of this change within the European political framework. First, we argue that a carefully deliberated EU legal framework for crypto assets is both welcome and required. This framework should be based on protecting financial stability while encouraging innovation. Ensuring the ability of European citizens to have access to these digital tools and to invest based on their personal preferences is an important principle of open democracies.

Second, Europe must be at the heart of the digital currency revolution, and the European Central Bank should expedite the development of a ‘digital euro’ as a complement to traditional euro notes. This is the optimum solution to providing a secure and universally accepted digital currency. Public money must remain the linchpin of digital finance. Moreover, the framework for crypto assets should be based on key principles of the centre–right: it must be regulated, secure and credible. The centre–right should actively support the proposed Markets in Crypto-Assets (MiCA) regulation and work, across the EU institutions, towards its speedy finalisation and adoption. The principle of ‘same activity, same risk, same rules’ should remain the bedrock of the regulatory approach to crypto and digital asset classes, and to stablecoins in particular.

Lastly, the regulation of crypto assets should be part of the wider effort to reduce the fragmentation of the policy landscape within the EU. Financial technology (FinTech)

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products and services are rising in prominence globally, and this has direct bearing on issues related to competitiveness, digital services and cybersecurity. European policy-makers should act more decisively so that the EU does not fall behind in the global FinTech race.

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Summary

Digital finance is now part of the financial mainstream. This paper proposes recommendations aimed at making the EU a stronger global player in digital finance and digital currencies. It also seeks to place the centre-right at the key driver of this change within the European political framework. First, we argue that a carefully delineated EU legal approach for crypto assets is both welcome and required. This framework should be based on promoting financial stability while encouraging innovation. Ensuring the ability of European citizens to have access to these digital tools and to invest based on their personal preferences is an important principle of open democracy.

Second, Europe must be at the heart of the digital currency evolution, and the European Central Bank should expedite the development of a digital euro as a complement to traditional euro notes. This is the optimum solution to providing a secure and universally accepted digital currency. Public money must remain the linchpin of digital finance. Moreover, the framework for crypto assets should be based on key principles of the centre-right. It must be regulated, secure and credible. The centre-right should actively support the proposed Markets in Crypto Assets (MiCA) regulation and work across the EU institutions, towards its speedy adoption and execution. The principle of 'same activity, same tax, same rules' should remain the backbone of the regulatory approach to crypto and digital asset classes, and to substantive legislation.

Lastly, the regulation of crypto assets should be part of the wider effort to reduce the fragmentation of the policy landscape within the EU. Financial technology (FinTech) products and services are rising in prominence globally, and this has direct bearing on issues related to competitiveness, digital services and cybersecurity. European policymakers should act more decisively so that the EU does not fall behind in the global fintech race.

Keywords: Cryptocurrencies – CBDCs – Stablecoins – Regulation – EU