

How Relevant? The EU's 'Geopolitical' Commission and the Response to the Covid-19 Pandemic

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Executive Summary

- > The Covid-19 pandemic constitutes an unprecedented challenge for the European Union (EU), posing existential internal as well as external threats to the European integration project.
- > At the same time, the impact of this global crisis on the international order opens unexpected windows of opportunity for reinforced European integration and a stronger EU presence in the world.
- > To seize the momentum, the European Commission needs to act consistently with the geopolitical approach put forward by President Ursula von der Leyen.
- > Internally, it must promote cohesion and unity among member states and coordinate a joint European response to the sanitary, political, and socio-economic challenges.
- > Externally, it must join efforts with like-minded members of the international community to establish a robust system of multilateral crisis management tackling the multiple dimensions of the crisis.

The current Covid-19 pandemic, which has – at the time of writing – claimed more than 100.000 lives worldwide and counts more than 1.8 million detected cases (with estimates about the real number of cases ranging from 10% of the population of the most affected countries to 50%), constitutes a very significant challenge to the international order. In the EU, the political and socioeconomic consequences linked to the drastic measures taken by member states to respond to the sanitary emergency will produce long-lasting effects on citizens' trust in their country, and on the extent to which they identify with the European integration project. In this context, the EU needs to demonstrate its added value in the face of the increasing centrifugal, 'member states first' approaches put forward by European capitals. At the same

time, the gravity of the situation may also act as a catalyst for accelerated integration, in particular stronger coordination and more rapid and decisive decision-making at the European and Eurozone levels. Furthermore, the Covid-19 crisis may provide unexpected opportunities on the global stage for the recently appointed Commission's geopolitical ambitions.

The impact of Covid-19 on EU geopolitics

In spite of their great diversity, geopolitical actors such as the US, Russia and China all possess a distinctive control over space, resources and communities within their borders (Kissinger 2001). First, they exhibit a relatively high level of internal cohesion and political unity, shaping their identity and enabling centralised or rapid decision-making. Second, they effectively control the strategic allocation of resources and capabilities towards the achievement of precise goals. Third, they possess the ability to act on the international arena so as to create partnerships based on shared values and common interests. Ursula von der Leyen was indeed fully aware that the EU is not such a traditional geopolitical actor when she outlined the political priorities defining her Commission's geopolitical approach in December 2019. Her focus on strengthening internal cohesion, building strategic autonomy and uploading multilateral governance through new strategic alliances was thus aimed to help the Union diminish the gap with the other great powers on the global arena.

Neither rapid nor centralised, the EU's decision-making power is spread across member states quarrelling in the (European) Council and the Commission. The Union does not possess resources and capabilities comparable to those of relevant geopolitical players, as its budget amounts to only about 1% of EU GDP and its action is constrained by member states' control over strategic areas of policy-making such as industry, health and disaster prevention. Finally, although the EU does have an international presence, it cannot operate easily on the global arena as foreign policy decisions are amongst others constrained by the unanimity vote rule.

Under such circumstances, the Covid-19 pandemic represents an existential challenge for the EU, as it threatens its identity and undermines its internal cohesion; it exposes blatant differences in resources and capabilities among member

states; it also reshapes the power distribution in the international arena, as commitment to cooperation among long-standing 'partners' seems to be crumbling.

However, this policy brief argues that it is exactly because the EU is not a fully-fledged geopolitical actor that the Covid-19 crisis provides a unique opportunity to shape its geopolitical profile. The Commission's approach to this crisis must be holistic and focus on increasing the EU political system's coordination and the policy coherence between internal and external policies to tackle the multi-dimensional challenges posed by the pandemic.

The EU's political system: solidarity means coordination

At member states' level, the early impact of the Covid-19 outbreak has caused a remarkable return of assertive discourses on the urgency to protect the 'national interest'. This produced an uncoordinated reaction that has not only hurt the Commission's authority and perceived legitimacy but also reduced the effectiveness of member states' sovereign policies, for instance with regard to the purchase of medical equipment on the global market. The Commission's lack of preparedness and inability to contain member states' unilateral reactions to the spread of the virus, including bans on intra-EU exports of face masks and arbitrary suspensions of the Schengen agreement, prompted angry remarks on the complete absence of 'European solidarity' by leaders in the Member States most affected by the pandemic (Reuters 2020).

The EU recognises solidarity as a fundamental principle. It is inscribed in Art. 2 of the Treaty on the European Union (TEU), occupies an entire chapter of the EU Charter of Fundamental Rights and is given practical application through the clause enshrined in Art. 222 of the Treaty on the Functioning of the European Union (TFEU). However, in the absence of a clear definition of what constitutes solidarity, much of the responsibility for shaping the principle lies with the member states. As such, it is fundamental for the Commission to help operationalise this principle through its effective coordination of member states' action.

A task force of five Commissioners has been established to tackle interconnected issues such as crisis management, health, border management, mobility and economy (European Commission 2020b). On the basis of the work of this task force, the Commission has already achieved a number of important results: it managed to obtain the lifting of the export ban on medical supplies from France and Germany (by threatening with infringement procedures); it prescribed the closing of EU external borders while also proposing green lanes to guarantee the circulation of essential goods; it promoted a fine-tuning of the EU public discourse on the response to Covid-19, as showed by the radical change in European Central Bank President Lagarde's rhetoric (Arnold 2020); and it put forward joint voluntary tender procurements to purchase sanitary equipment from outside the EU (European Commission 2020c).

While progress has indeed been made towards a more efficient distribution of the efforts at EU level, there is still work to be done to provide a comprehensive response to the pandemic. As the economic and political shocks pose an imminent threat to the survival of the European integration project, a truly geopolitical approach by the Commission should first and foremost focus on enhancing the cohesion of the EU political system and facilitating an agreement among member states on the policy tools most suitable to face the crisis.

Policy recommendation 1: The Commission should step up its efforts to broker an agreement on the Multilateral Financial Framework (MFF) among member states. Discussions over the new MFF were already stalling before the pandemic due to the hole Brexit left in the EU purse. Covid-19 has now made certain elements of the Commission's proposal obsolete. As the EU risks to not dispose of an agreed budget for 2021, the Commission's President – in cooperation with European Council President Charles Michel – needs to, first, help promote a consensus at the European Council level to provide temporary financial resources until a new MFF is agreed upon and, second, put forward a new budget proposal encompassing the measures needed to address the new emergency. The task is admittedly hard, as member states will need to be convinced to increase their contributions. However, the Commission can take account of the experience of the Covid-19 crisis and channel needed investments into priority areas such as clean energy, climate adaptation and AI technologies. This would represent a considerable leap in the achievement of President von der Leyen's sectorial priorities, and would also reinforce the Commission's geopolitical profile. In the face of adversity, and while major powers might make other choices, the EU would invest smartly to promote its strategic priorities.

Policy recommendation 2: The Commission needs to succeed in brokering a satisfactory deal on the financial instrument most suitable to fund economic recovery efforts, for all Eurozone members. Although a general agreement on the size of the instrument seems to be emerging at the Eurogroup level, the very vague wording of such "recovery fund" reveals that member states are still cultivating strategic ambiguity in their understandings of the nature of the instrument (Smith-Meyer 2020).

The experience of post-financial crisis management shows that the EU cannot afford member states' half-hearted commitment to major policy plans, as this hinders the long-term integration process. Therefore, the Commission needs to make sure that a final compromise reflecting a clear, truly common vision of the EU response is reached at the level of heads of state. To this extent, Brussels needs to mediate between the countries with the most power of attraction in each camp: France, for the states advocating for the creation of eurobonds (or 'coronabonds'), and Germany, for the states pushing for the use of credit lines under the existing intergovernmental European Stability Mechanism. Brussels' best chance to succeed lies in the Commission's ability to frame

European solidarity as member states' enlightened self-interest, as all EU countries have a clear stake in avoiding a new 'sovereign debt crisis' which would expose highly indebted countries to foreign powers' takeover of European strategic assets. The challenge is significant, but should a compromise be found, the Commission would have contributed to boosting the resilience of the EU's political system, paved the way for a Fiscal Union and laid the foundation for a considerably stronger political EU on the internal and external stages.

The policy level: 'whatever it takes' is not 'whatever we can'

President von der Leyen has pledged an unlimited support to member states hit by the pandemic that reminisces former ECB President Mario Draghi's 'whatever it takes' approach to save the Eurozone during the 2008-09 financial crisis (Zalan 2020). The current crisis is set to produce a harsh impact on EU economy both on the demand and supply sides, as factories remain closed, strategic supply chains are disrupted, workers lose jobs and purchasing power, and consumers cannot spend their money. In the economic realm, the Commission has initiated, with the ECB and the European Investment Bank (EIB), a mix of fiscal flexibility and quantitative-easing measures. These include the temporary relaxation of its flagship competition rules on state aid and the triggering of the 'escape clause' allowing members to contravene Stability and Growth Pact (SGP) limitations on deficit; a €750 billion ECB investment in bond purchases to calm down sovereign debt markets; a €40 billion support to small- and medium-sized enterprises by the EIB; a €100 billion temporary insurance scheme to protect jobs at risk; and the commitment to create an "innovative financial instrument" to grant favourable credit lines for member states in need (European Council 2020).

In the public health sector, the Commission has pledged up to €37 billion to support national health care systems and other vulnerable parts of economies through the "Corona Response Investment Initiative". It has also activated, through its Civil Protection Mechanism, the rescEU mechanism aimed at stocking and rapidly deploying medical supplies to MSs in need. Finally, in order to urgently support Research and Innovation, the Commission has pledged to mobilise €140 million of public and private funding for promising research projects on vaccines, diagnosis and treatment of Covid-19, including €80 million aimed at financing the work of the German pharmaceutical firm CureVac, which has been subject to a purchase bid by the US administration in the early days of Covid-19's arrival to Europe (European Commission 2020a).

In spite of the Commission's proactive engagement, however, limited competences in areas particularly relevant to the current crisis substantially constrain the scope of Brussels' intervention. EU supporting competence in tax and fiscal policies does not allow for much more than the suspension of the SGP. Furthermore, the problem of the dubious sustainability of large sovereign debts remains and cannot be addressed by escape clauses or loans at favourable interests only. Regarding health policy, if EU shared competence in areas of shared

safety concerns (Arts. 4(2) and 168 TFEU) allows for the deployment of instruments such as rescEU, overall supporting competence does not allow defining health policies or organising the provision of medical care. While the policy toolkit available to the Commission to tackle the crisis is limited, Brussels should start immediately building resilience measures needed to sustain EU recovery and better prepare for the next shocks to come. To do so, it is necessary to place the need to invest in and protect the production and stockpile of critical assets at the centre of the political debate.

In geopolitical terms, enhancing EU capabilities resonates with the Commission's ambition to decrease Europe's structural dependence on external actors for the provision of goods and fundamental services. China's control over the production of facemasks and the political leverage it exerts through its exports are clear examples of the weaknesses the new EU Industrial Strategy seeks to address (European Commission 2020c). Current shortages of essential medical equipment across the EU highlight the relevance of the Commission's approach to strategic autonomy in order to minimise similar risks in the future.

Policy recommendation 3: The EU should include in its list of critical assets – currently featuring critical materials and technologies, food, infrastructure and security – those chemical and industrial components needed to produce essential medical equipment. A targeted intervention aimed at shortening strategic supply chains currently disrupted by the lockdowns of factories around the world should be coupled with a broader reflection on the risks associated with structural interconnectedness of the EU's production system with actors who may make geoeconomic use of chain clustering across critical supply and value chains. Rather than pursuing an impossible autarky or complete decoupling from other major powers, strategic autonomy should allow the EU to diversify its dependencies and balance foreign influence on its member states.

Policy recommendation 4: in the medium term, strategic industrial autonomy can only become a serious objective if the Commission manages to lock in member states' commitment to complete the Single Market, notably through the Capital and Banking Union and an increased role of the euro as international currency. With this, the EU would be well-equipped to resist the 'weaponisation' of trade and the financial sector by global powers. In the context of the post-Covid-19 reconstruction efforts, it is particularly important that the Commission works towards the reinforcement of the Foreign Investment Screening regulation to avoid the acquisition of member states' strategic assets by third countries, as observable during the post-financial crisis period with Chinese investments in Southern Europe (Hackenbroich 2020). The completion of the Single Market would provide the Commission with a strategic asset in its geopolitical action. It would make the EU more resilient vis-à-vis foreign economic pressure. It would also represent a step forward for the resolution of many of the external crises the EU is currently facing, such as

US secondary sanctions in the framework of the Iran deal and the North Stream 2 pipeline; the EU-US tariff war; and the Huawei debate with China. Additionally and more generally, it would provide a competitive edge for EU foreign policy. A stronger euro and a more solid financial sector would in fact help increase the number of transactions and the overall prosperity of the Eurozone economy.

The international level: constructive engagement vs. isolationism & authoritarian governance

The international dimension of the Covid-19 pandemic represents a grim paradox. On the one hand, effective global action to tackle the virus and limit its economic effects can only be fostered through transparent communication, proactive cooperation and an objective assessment of global interdependence. The forecasts on the spread of the virus produced by the World Health Organisation (WHO), for example, are only as accurate and useful as the voluntarily provided data by countries around the world; the global search for an effective vaccine will only be successful if the experiments of Chinese scientists can be studied by French doctors and replicated by American researchers; the provision of international humanitarian aid is all the more important as countries which exported critical equipment yesterday find themselves in need of foreign imports of that same equipment today.

On the other hand, the two main geopolitical actors refuse to play according to these rules. Trump's 'America First' approach is now a synonym for the US' unilateral behaviour in international relations. Whereas once upon a time the former hegemon launched a Marshall Plan to relieve Europe from the economic hardships of the war, now the US attempt to buy out a German pharmaceutical firm to acquire exclusive rights of production over the Covid-19 vaccine in development. The US government has also proved unreliable in communicating the emergency, as demonstrated by President Trump's early downplaying of the pandemic, or the various labelling of Covid-19 as the "Chinese virus", "Wuhan virus", "a killer with an Iranian accomplice", and "a foreign virus seeded by European travellers" (Bennett 2020).

China, on its side, has engaged in a massive operation of cover-up of data over the magnitude of the outbreak originating in Wuhan. By silencing whistle blowers and withdrawing evidence from the WHO, China has shown the dark side of that authoritarian rule that the Chinese propaganda machine is trying to portray as an effective model of governance for its success in containing the spread of the virus through strict controls and limitations of fundamental rights (Walsh 2020).

The current crisis reinforces patterns that have been defining the global arena for some time now. On the one hand, the EU's reliance on transatlantic relations is now more than ever questioned by a US administration that frames its European outlook in terms of leverage exerted through transactional exchanges rather than as the strategic alliance sought in Brussels. On the other hand, China's global ambitions are made assertively explicit by the public diplomacy efforts Beijing is

producing through its propaganda machine and the provision of foreign aid.

In this situation, the EU needs to find a strategic edge to resist external pressure and protect its standing and interests on the global scene. If the status of China as a strategic partner, a competitor and a systemic rival has been publicly acknowledged by the Commission (European Commission 2019), Brussels has not yet addressed the issue of the increasing rift with Washington through a dedicated policy. However, the Commission has indirectly tackled the US' decreasing reliability through von der Leyen's insistence on EU support to multilateral governance. The Commission indeed understands multilateralism both as a value and a guiding principle for its approach to the "geopolitics of mutual interests" (Rios 2020).

By forming new partnerships with actors committed to finding common solutions to the Covid-19 pandemic, the Commission would make full use of the window of opportunity provided by the current crises to fill the void in global leadership – created by US retreat – and democratic governance – due to the rise of China's illiberal model.

Policy recommendation 5: Countries such as South Korea, Taiwan and Japan have been relatively successful in addressing the pandemic, and should be treated as EU strategic partners in finding a common solution to the crisis. Their model of response appears to strike a more sustainable balance between use of new technologies, limitations of civil rights and respect of individual privacy as compared to China's. Furthermore, the Commission should seek – together with the member states – to foster a more pronounced engagement of international organisations and intergovernmental fora in providing a common economic response to the crisis. A first significant forum to mobilise should be the G-20, whose current presidency, Saudi Arabia, is both directly concerned by the virus and actively seeking to regain a place in multilateral governance after the Kashoggi murder. Moreover, the Commission's efforts should target global institutions such as the UN, the World Bank and the International Monetary Fund. Such institutions can provide economic stimulus to the EU economy and shoulder part of the vital investments in medical research and innovation. The Commission should also establish a dialogue with the UN Development Programme and the International Bank for Reconstruction and Development to promote joint support to Africa's recovery efforts so as to ensure the EU can live up to its commitment to the 'sister continent' lying at the core of the recent EU-Africa strategic partnership (European Commission 2020d).

Additionally, the Commission should engage global civil society bodies to make sure that the response to the current crisis is perceived as inclusive and legitimate. Spending part of the Commission's political capital in advocating common solutions with these actors may not seem like a priority in the current times of emergency. However, the benefits of investing in the maintenance of a healthy and collaborative international system will in the medium term serve the Commission's and EU's interest to uphold a system of multilateral

governance that lies at the foundations of the EU's action in the world and is built around the values that the EU defend.

Conclusion

The immediate decisions taken by the EU and its member states to tackle the sanitary, political and socioeconomic effects of the Covid-19 pandemic will probably shape the future of the Union for the years to come. The Commission has a role to play in the response to the crisis. A geopolitical approach to the pandemic implies a commitment to increasing cohesion and policy coherence among member states, who

remain the ultimate rulers of the sort of the EU; a realistic assessment of EU's operational strengths and weaknesses, with the objective of reinforcing its strategic autonomy; and an action in the world aimed at enhancing Europe's landmark multilateral leadership. The Commission's mission is not easy as its legitimacy is contested and its competence constrained. However, the prize for its success is a steady progress in the European integration project, as well as an increased global presence fostered by its stronger geopolitical credibility.

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