Europe’s Strategic Choices 2021

Thursday 4 and Friday 5 November

Ritz Carlton, Berlin and virtually via Conference Plus

CONFERENCE RAPPORTEUR SUMMARY

The conference discussions were all held on the record. This summary has been prepared by our conference rapporteurs and the views and insights expressed are the sole responsibility of the speaker(s) and participants, and do not necessarily reflect the views of Chatham House, KAS, or ISPK, or their staff, associates, and governing bodies. Where this summary refers to or reports statements made by speakers, every effort has been made to provide a fair representation of their views and opinions.

DAY ONE | THURSDAY 4 NOVEMBER

Opening Dialogue | Election season: Germany, France, and European leadership

The opening dialogue explored the possible changes for Germany and Europe following the end of the Merkel era – explicitly in the areas of economic cooperation, and foreign, security and defence policies. Additionally, participants discussed the upcoming French election in 2022 and how the potential outcomes will shape future Franco-German relations.

Dr Claudia Major started by pointing out, that a government coalition at federal level consisting of the Social Democratic Party (SPD), the Greens and the Free Democratic Party (FDP) would be unique for Germany. However, the current situation is like a black box until all three parties agree on the final coalition treaty. Nevertheless, she shed some light on the expeditionary paper, which was published at the beginning of the coalition talks, which implies a strong stance on Europe and strengthening EU strategic sovereignty, as well as a commitment towards adequately equipping the armed forces and towards transatlantic relations. However, there has been no further clarity on difficult topics such as the 2 percent burden-sharing debate and the question of nuclear sharing. Among other issues, there are open questions regarding Germany joining the Treaty on the Prohibition of Nuclear Weapons as an observer, a stricter approach on arms control, and Germany’s approach towards China and Russia.

Christine Ockrent provided an overview about the current situation ahead of the French election in April 2022. According to her analysis, President Macron has already started to campaign for the upcoming election. In her view the approach of the eventual German coalition government towards defence, energy and environmental policy, as well as fiscal policy, could present challenges for Franco-German relations. In the area of security and defence, President Macron would need a stronger commitment from Germany, for domestic purposes. Despite the fact, that the political right has shifted the general election debate towards the right, a possible French exit out of the European Union – a Frexit – has not been part of the election discussion. The narrative has rather been on “reinventing Europe” in terms of a “Viktor Orbanisation” of French politics.

Professor Maximilian Terhalle stated that Berlin, London, and Paris have not yet fully grasped the possibility of Trump returning to the White House and the implications this will have for Europe.

Additionally, he argued that the consequences for Europe of a potential war between the United States and China have not correctly been assessed in Germany. A US-China war would result in a US powershift towards East Asia, leaving Europe to deal with Russian aggression by itself. In his view, Europe should consider the Biden administration as the last opportunity to build up credible defence and strengthen the transatlantic relations. The discussion, moderated by Steven Erlanger, focused on Germany´s role in US-China relations, the possibility of an American ultimatum, in which Washington would only assure full support for European security in exchange for an assertive China policy, as well as the debate on European autonomy and the role of Germany. Dr Major pointed out that there have been positive developments in Germany in security and defence since the Munich consensus. However, European defence relies on the individual member states. Therefore, she encouraged national governments to take national security more seriously and thus build a solid foundation for a European approach. Concerning the EU-Russia relations, Christine Ockrent added that Brussels must carefully navigate between its economic and security interests.

Speakers

Dr Claudia Major, Head of Research Division, German Institute for International and Security Affairs (SWP)
Christine Ockrent, Commentator and Writer, France Culture
Professor Maximilian Terhalle, Visiting Professor, King's College London

Chair

Steven Erlanger, Chief Diplomatic Correspondent Europe, The New York Times

Plenary Session One | The transatlantic relationship and Europe's multilateral future

The withdrawal of the Allies from the twenty-years long operation in Afghanistan at the end of summer 2021 was followed by the announcement of the AUKUS security partnership, sowing seeds of unpredictability about the future of the transatlantic relationship. Europe's upscaled expectations about the Biden administration were quickly dampened by the reality of old and new geopolitical challenges. The speakers in this plenary session started the discussion by analysing the strategic culture of the Biden administration in the context of the role of the US in Europe.

It was emphasized that European countries need to face the fact that the Cold War has been over for decades and it is important to acknowledge the US's new priorities. Whether it is a domestic issue aimed at building a consensus in the US or the geopolitical prioritization of relations with China – European issues have moved down the priority list. The US's approach is now more interest-based rather than order-based and in this context both the EU and European states need to urgently re-assess their interests and adapt to advance their own interests. Furthermore, it was pointed out that the transatlantic relationship has a brand-new connotation: it is not only about the US anymore, but also China; it is not only about the EU anymore, but also about the UK. In this case, the UK can become a bridge between the US and the EU in re-building effective transatlantic relations.

There was consensus among the panellists that European states must take the opportunity to build strategic autonomy. The EU project should re-arrange its principles and should not only be about economic cooperation but also about common defence. There is also the concern that a rise in geopolitics tends to shift the emphasis from rule-based to power-based relations.

Europe needs to be involved in order-building, with or without the US. However, the panellists disagreed on how Europe's presence in the Indo-Asia-Pacific area must be articulated. On the one hand, the necessity to defend Europe's interests in this region yet without claiming it was emphasized. On the other hand, it was stressed that the EU does not have the capacity for order-building in this region, as it is not a security provider there. Instead, Europe is expected to be involved in order-building in those regions, which are not essential for the US, above all the areas within Europe's immediate neighbourhood.

While keeping the transatlantic relationship stable and effective, Europe must seek strategic autonomy, by developing an EU defence mechanism and getting involved in order-building. With regard to the latter, this can be achieved with a sustainable and long-term approach, through transatlantic and -pacific partnerships, infrastructure building, EU trade, investments into emerging technologies and artificial intelligence, as well as taking an active stance against the climate crisis.

Speakers

Dr Norbert Röttgen MdB, Chairman, Foreign Affairs Committee, German Bundestag
Dr Bruno Tertrais, Deputy Director, Fondation pour la recherche stratégique
Arancha González Laya, Minister of Foreign Affairs, Spain (2020-21); Executive Director, International Trade Centre (2013-20)
Dr Leslie Vinjamuri, Director of the US and the Americas programme and Dean of the Queen Elizabeth II Academy for Leadership in International Affairs, Chatham House

Chair

Dr Robin Niblett CMG, Chief Executive and Director, Chatham House

Breakout Sessions | Round One

Session A | Emerging and disruptive technologies in defence

This breakout session was dedicated to the rapid evolution of new technologies in defence. There was a broad consensus that new technologies, such as artificial intelligence, big data, quantum technology, robotics and autonomous systems will change the "battlefield" of the future and leave a significant footprint, with "interconnected battlefield systems" as the buzzword. Technology is becoming increasingly digitalized, interconnected and, in some cases, more capable of faster decision-making and action. Increasingly, modern technologies are also changing the ways we communicate, search for, and acquire targets at the strategic level. As the level of technology increases, so does the demand for energy, and supply chains are becoming more complex. This evolution also directly impacts the critical infrastructure of individual nations. Thus, in addition to the opportunities that new technologies can provide, the risks are also growing.

Technologies are evolving rapidly, creating a challenging new security environment that is increasingly embracing space as an expansion of the battlespace. Many states outside Europe are gaining knowledge in the technology sector and are catching up very quickly. The technology level of states will become more and more decisive in conflicts, and in this regard, major competitors such as Russia and especially China are leading the way. The technologies we need are now more often being developed in the private sector rather than the military, in contrast to earlier trends.

However, developing new technologies is only part of the solution. Europe and NATO must, on the one hand, invest much faster and more broadly in the development of new technologies and promote innovations in a more targeted manner to not lose touch with growing geopolitical competition. On the other hand, political and private sector decision-makers must become more aware of the opportunities and risks of new technologies and include these in considerations at the strategic level. In Europe, however, there is more talk about the risks than the opportunities offered by new technologies. Ethical issues can delay decisions by European decision-makers against the background of rapid development by Russia and China. Europe must understand that it can only face the upcoming challenges together and national thinking must finally be replaced by European thinking because the world will not wait.

Speakers

Dr Bryan Wells, Chief Scientist, NATO
Dr Dennis Göge, Vice President for Central and Eastern Europe, Lockheed Martin
Professor Dr Katarzyna Zysk, Professor of International Relations and Contemporary History, Norwegian Institute for Defence Studies
Dr Jörg Au, Engineering Director, Rolls-Royce Deutschland
Giovanni Soccodato, Chief Strategic Equity Officer, Leonardo
Dr Simona R. Soare, Research Fellow for Defence and Military Analysis, International Institute for Strategic Studies
Dr Ulrike Franke, Senior Policy Fellow, European Council on Foreign Relations

Chair

Patrick O'Keeffe, Non-Resident Fellow, Center for Asia-Pacific Strategy and Security, Institute for Security Policy at Kiel University

Session B | Europe and the future of crisis management operations

In this session, speakers shared their views on the state of the international crisis management, especially after the withdrawal of the military forces in Afghanistan. Besides the military engagement, the discussion focused on the civilian part of crisis management and how it could contribute to better conflict responses of the international community in future.

Dr Kim Eling highlighted three aspects. First, the nature of current humanitarian crises in Yemen, Syria, or Afghanistan is like those of ten years ago, however, factors such as the Covid-19 pandemic and climate change are acting as an amplifier. Second, international crises endanger the internal structures and the values of the EU. And finally, the immediate emergency response of the EU must be more flexible and better at addressing the underlying problems.

Dr Maria Caparini pointed out there has been an increasing number of armed conflicts over the past ten years. While the proportion of deaths by combat has been decreasing more people are suffering and dying due to associated externalities of conflicts, including starvation. Furthermore, crisis management must deal with all levels of corruption. In many crisis management missions, state-builders have not address this issue which needs to be taken more seriously.

For Tobias Pietz the level of ambition of the EU is too low. He described a "post-Lisbon"-fatigue, with no common threat perception and no functional discussion about the European borders. This low ambition can also be seen in the Common Security and Defence Policy (CSDP). The current focus is on training and capacity building, but Member States are not planning to evaluate this mandate. In the "pre-Lisbon"-era, the mandate of the CSDP was much stronger with a higher focus on building stability in conflict regions, for example in Kosovo and Georgia.

Better leverage, better lessons learned at the EU level, and the inclusion of climate security in the analysis of missions – were the three topics Stefanie Mavrakou highlighted in her remarks. Civilian crisis management tends to be prioritized lower in comparison to military engagement. When it comes to the lessons learned, the EU requires a new culture, which encourages dealing with mistakes openly to prevent them in the future. This could be done through more effective knowledge management in Brussels. In this context the importance of climate security and climate change is paramount and should always be part of the consideration.

Andrew Gilmour talked about the importance of the lessons learned from the Afghanistan withdrawal. However, lessons learned should in no way lead to less effort on state-building in the future. Instead, there should be a discussion on how democracy can be better promoted, as the "top-down"-approach has not worked.

In the debate the panel touched, among other things, on the issue of climate change and the threat that comes with it. Climate change is a threat multiplier and that it is crucial to understand the interlinkages. It is important to identify the fields affected by climate security and what consequence this has for the regions and for the international community. Resilience to climate change is fundamental for future crisis prevention management.

Speakers

Dr Kim Eling, Deputy Head of Cabinet, Cabinet of Commissioner Janez Lenarčič, European Commission
Dr Marina Caparini, Senior Researcher and Director of the Governance and Society Programme, SIPRI
Stefanie Mavrakou, Policy Officer Civilian Crisis Management, European Centre of Excellence for Civilian Crisis Management
Tobias Pietz, Deputy Head of Analysis, Centre for International Peace Operations (ZIF)

Chair

Andrew Gilmour, Executive Director, Berghof Foundation

Session C | What is Europe's Russia strategy?

The crisis in Belarus, an increase in cyber-attacks from Russia as well as the political confrontation regarding the "Nord Stream 2" Pipeline require Europe to make a cohesive strategic choice towards Russia. This session discussed how Europe should develop its relationship with Russia, whether the strategic approach is realistically achievable, and how the EU should navigate its immediate neighbourhood.

According to the panel, the main issue is the absence of a European strategy with regard to Russia. For years, EU member states followed an inconsistent blueprint towards Russia, mostly based on domestic policy dynamics and as a reply to re-appearing military or human rights provocations. It is time for Europe to accept the consequences of its choices, meaning that EU members in Eastern Europe and the Baltics must be assured in their security. Particularly after the Ukraine crisis in 2014, Putin clearly stated, that Russia and the EU have conflicting interests in their neighbourhood politics. The EU's traditional approach of using soft power was aimed to stabilize the crisis yet it was unable to prevent or resolve key violations, such as the annexation of the Crimea, violations of maritime law, or the recent Russian military exercise "Zapad 2021" ("West 2021") near the Ukrainian border. There is a strong necessity for the EU to develop more precise strategies (especially in the Black Sea region), and to be better prepared for new provocations in the future. Hence, the EU needs to set up an effective strategy towards Russia and ensure better coordination also with its allies.

The Belarus question remains a priority for the European strategic agenda. Considering the domestic tendencies in Belarusian politics, Putin's decreasing support for Lukashenko, as well as the recent migration crisis on the EU-Belarus borders, protests are likely to re-appear in the nearest future. Drafting strategic choices with regard to Belarus (sanctions, engagement with Belarus in fighting the pandemic and the refugee crisis, integrating steps towards trust-building) will shift Europe also towards a more consistent Russian policy.

The speakers closed the panel with an appeal, that Europe needs to draw "red lines" and increase the costs of intervention for Russia. Facing the paradox that there is both a decline of the West in Russia and a decline of Russia in Europe, NATO and the EU must agree on a more close-knit military strategy towards Russia. Considering that Russia depends on western innovations, this would be a pressure point to limit Russian capabilities.

Speakers

James Nixey, Director, Russia-Eurasia Programme, Chatham House
Dr Hannes Adomeit, Non-Resident Senior Fellow, Institute for Security Policy at Kiel University
Dr Iryna Solonenko, Senior Fellow, Zentrum Liberale Moderne
Dr Joris Van Bladel, Associate Fellow, Austrian Institute for European and Security Policy
Jakob Wöllenstein, Director Office Belarus, Konrad-Adenauer-Stiftung

Chair

Professor Dr Joachim Krause, Director, Institute for Security Policy at Kiel University

Plenary Session Two | COVID-19 and Europe's economic recovery

This session discussed the current challenges, achievements and opportunities surrounding the COVID-19 pandemic and Europe's economic recovery. Comparing 2020 and 2021 reveals the successes the EU has been able to achieve in that period. While 2020 was hit hard by the second wave of the pandemic without any vaccines and the most severe recession in EU history, the EU can now point to the highest overall double vaccination rate worldwide - 75% of its citizens being fully vaccinated and the Next Generation EU Fund (NGEU) has been agreed upon.

The approvement of the NGEU by all member states and the distribution of vaccines underlines the unity of the EU. Common procurement avoided further tensions among member states over access to vaccinations and assured supply across Europe, while still exporting vaccines to countries all around the world. Furthermore, the successful campaign helped economic recovery by presenting a strong policy response on EU and national levels. EU institutions, above all the European Central Bank and the European Commission, stepped up to their responsibilities. The NGEU demonstrates the urgency and the solidarity as well as the ambition of reforms and investments enacted by the EU.

The outlook for strong growth is promising and confidence remains high. This is supported by the latest indicators of economic sentiment and employment expectation. The IMF forecast alludes to a GDP growth of 5%, albeit in times of uncertainty and high risks. The NGEU has the potential to lift GDP by 1.5 % over the medium term and raise EU public investment GDP ratio to over 3.5 %. This not only implies a rebound to a pre-crisis state, but also the potential shift towards strong and sustainable growth.

Europe has reason to be optimistic. It is forecast to get back to 1% GDP growth per year over the next decade. This can be achieved by keeping the pressure on the economy and doubling down on technology and industrial policy. During the pandemic, digital channels have been shown to be more productive in the long run. The speed and direction of development in the last year and a half demonstrates that lessons have been learned from the financial crisis of 2008. The EU economic and social policy responses were very effective. NGEU and "Fit for 55" are reality, which would not have been possible before the crisis. An increase in investment is needed for the green and digital transitions by fiscal rule enablement. Also, the public debt level needs to be decreased.

Economic risks are first and foremost still pandemic-related. COVID-19 remains a challenge in terms of health and financial implications. Additionally, the potential disruption of global supply chains paired with geopolitical tensions pose a challenge to Europe, as well as rising energy prices and their impact on inflation.

Economic recovery needs to be accompanied by more targeted and specific measures. The goal is to preserve productive capacity, reallocate capital to growth sectors, protect employment and promote active labour market policies. The review of economic governance and fiscal rules requires reforms to the Stability and Growth Pact (SGP), which has to be renewed in 2023.

Trade is fundamental to a successful recovery as it drives economic growth, creates jobs, improves living standards, and protects European companies from unfair and anti-competitive practices globally. For successful trade in Europe, ties to the UK need to be managed and worked on, while ensuring that trade is fair as well as free.

Keynote
Paolo Gentiloni, European Commissioner for Economy

Speakers
Dr Jan Mischke, Partner, McKinsey Global Institute
Professor Dr Anke Hassel, Professor of Public Policy, Hertie School of Governance; Co-Director, Jacques Delors Centre
Dr Guntram Wolff, Director, Bruegel
Chris Barton CMG, HM Trade Commissioner, Europe, Department for International Trade

Chair
Creon Butler, Research Director, Trade, Investment and New Governance Models, and Director, Global Economy and Finance Programme, Chatham House

1530 – 1600 Break

Breakout Sessions | Round Two

Session A | Public management of the pandemic: lessons learned
The topic of this discussion was the public management of the pandemic and lessons learned from it. The debate focused on what the COVID-19 pandemic highlighted about conventional crisis management and the role of government institutions and national public systems in moments of crisis. Additionally, the panellists discussed measures to strengthen democracies in preparation for future crises.

Dr Holger Fabig provided a total of eleven points in his statement, which he identified as decisive factors for managing a pandemic crisis. Among them, he emphasised the importance of fiscal space, trust in government institutions, digitization, well-funded and functioning multilateral organisations, and a science-led approach. Additionally, he characterized populism as a major problem and highlighted the importance of social cohesion and "equality of attention", which would make sure that we live in societies where everybody feels respected and not left behind.

Dr Johanna Schnabel provided a comparative perspective on the advantages and disadvantages of federal and unitary countries. On the one hand, federal nations may face confusion regarding public management at a national level, but on the other hand, unitary states do not necessarily function more efficiently. According to her analysis, criteria regarding the social and economic structure and size of a country are much more important factors in defining the success of public management approaches. In her view, the current crisis has shown how important subnational government bodies are in such situations.

Professor Ronni Gamzu shared four lessons from his experience of the pandemic in Israel. First, there must be a solid professional body outside of political institutions that can command the trust of the public without presenting political interests. Second, the reaction has to be fast and dynamic supported by a well-functioning operational body. Third, data and digitization are key to solving major information gathering challenges. Finally, a solid health care system with a functioning community care model and the use of technology have proven to be essential.

Dorothée Allain-Dupré argued that cross-border cooperation and trust in government have been key factors in generating public support. According to her, there is a direct link between the degree of trust in government and the vaccination rate of a state. This can be observed in some rural areas in Germany or France.

Margarita Gomez pointed out three lessons learned so far. Firstly, there has to be more interdisciplinary cooperation between different institutions, levels of government and sectors. In addition, clear, simple, and timely communication is important for citizen trust, also finding a balance between scientific language and communication. In her opinion, Denmark is a good example, as it has been very successful in communicating with the public. Furthermore, the ability to adjust measures at a local level has proven to be significant, as a general solution does not take into account regional variations.

The discussion also touched upon the aspects of big government and the consequences for democracy. Dr Fabig pointed out that strengthening the role of parliament in a crisis situation is crucial for democracies. Professor Gamzu highlighted the importance of a good balance between politics and science. Dr Schnabel picked up this point and added that scientists are not responsible for political measures like lockdowns – these have to be legitimised by the government. In this regard, Ms Gomez focused on the citizen aspect and the important role of local authorities, which have been crucial for successful implementation of Corona measures and convincing citizens to get vaccinated. Ms Allain-Dupré advocated a shared and coordinated crisis management approach and multi-level government response.

Speakers

Dr Holger Fabig, Deputy Director General, Federal Ministry of Finance, Germany
Dr Johanna Schnabel, Lecturer, Otto Suhr Institute for Political Science, Freie Universität Berlin
Professor Ronni Gamzu, CEO, Tel Aviv Sourasky Medical Center
Dorothée Allain-Dupré, Head of Division - Regional Development and Multi-level Governance, OECD

Margarita Gomez, Executive Director of the People in Government Lab, Blavatnik School of Government, Oxford University

Chair

Dr Steven Blockmans, Director of Research, CEPS

Session B | Digitalization, cyber security, and resilience

The world we live in is becoming increasingly digitized, and as digitalization grows, the number of security incidences increases. Increased hacker attacks have resulted in the capture of important data or the targeted blocking of specific online services. Cyberattacks are generally becoming more frequent and more intense. In addition to criminal actors, state actors outside Europe are already pursuing their strategic interests in this domain. In an increasingly digitized world, a resilient digital infrastructure is key to a functioning economy and society and states have a duty to better protect this space.

To improve resilience, there needs to be more investment in cybersecurity and the development of appropriate software at the governmental and private level. The private sector often declines to invest in cyber security for cost reasons, as they have so often not had to fear any consequences from policymakers due to a lack of knowledge or political will.

Europe focuses almost exclusively on the development of software and neglects hardware, which has led to a dependence on the hardware suppliers from east and southeast Asia. To prevent a one-sided dependency and thus remain strategically capability, Europe must achieve a distributed dependency.

European states, together with the private sector, must develop appropriate strategies to avoid unilateral dependencies and to clearly understand which governmental, economic, and private sectors need to enhanced protection and what is needed to achieve this goal, because governments and private actors essentially share the same digital network. However, Europe has been doing too little in digitalization so far; Germany in particular, is still in the early stages of digitalization in many areas, although this not a new area of debate.

Speakers

Dr Klaus Kremper, CEO, OneFiber Interconnect Germany GmbH
Iris Plöger, Member of the Executive Board, BDI
Juhan Lepassaar, Executive Director, European Union Agency for Cybersecurity
Klara Jordan, Chief Public Policy Officer, CyberPeace Institute
Dr Alexander Klimburg, Director, Cyber Policy and Resilience Program, The Hague Centre for Strategic Studies

Chair

Julia Schuetze, Junior Project Director, International Cyber Security Policy, Stiftung Neue Verantwortung

Session C | Great power dynamics and the Middle East

This session discussed current strategic shifts in the Middle East. Considering the signing of the Abraham Accords in 2020 by Israel, the UAE, Bahrain, and Morocco and in 2021 by Sudan, the panel examined the EU's role regarding the Accords. Is Europe a significant factor or will the Abraham Accords enable their contractual partners to solve their problems alone? What do the Accords mean for the Israel-Palestine conflict?

The first part of the panel discussed the meaning of the Abraham Accords and to what extent they are a game changer in the Middle East. According to Dorothée Schmid, the Accords allow participating parties to solve problems in the Middle East. She argued that the Accords have not led to major alterations in the strategic balance in the Middle East because political systems post-Arab Spring are very adaptive. The signing of the Accords were also the result of the EU's failure after decades to bring about a two-state solution for the Israeli-Palestinian conflict.

From Frank Müller-Rosentritt's perspective, Germany and the EU have been reduced to the position of a spectator regarding the Abraham Accords. He argued that structural problems hinder the EU from formulating a consistent policy towards Israel. He sees a clear line of divide between East and West and, in particular, between Germany and France regarding the Middle East.

Moran Stav stressed that Europe must invest more in Israel. The Abraham Accords, he argued, are a win-win situation. They create a land bridge from the Gulf to the Mediterranean and present a good investment opportunity in connectivity, possibly as an alternative to China's Belt and Road Initiative. Furthermore, working together with Israel as a partner, focusing on mutual interests, such as green technology or cyber security, and investing in its stability could also enhance the stability of the wider region.

Dr Chloe Berger also noted the absence of a coherent EU strategy. According to her, the EU must ask itself, what it has to offer as a security partner. One aspect could be the area of maritime security. Asked whether the Abraham Accords are a game changer, she contended that the Accords are rather the result of a strategic shift, albeit one that is not yet leading to real cooperation in the region so far.

For Cornelius Adebahr, the Abraham Accords mean the end of regional dominance. The core task for the EU must be to establish a security cooperation with the region, especially in the areas of maritime security and nuclear safety.

The second part of the panel included a discussion on Europe's future strategic role in the Middle East. The discussion suggested Europe is neither prepared nor willing to make strategic choices in the MENA region. Therefore, the EU has no stake in current strategic shifts, be it the signing of the Abraham Accords, the Iran nuclear deal or the Eastern Mediterranean. Also, the role of France was a point of discussion. It was noted that France had a "non-reaction" to the Abraham Accords due to scepticism whether the Accords would solve any of the current issues in the Middle East, such as the Israeli-Palestinian conflict or the rivalry between Iran and Saudi Arabia. Yet, it was claimed that French President Emmanuel Macron may be the only European leader with a vision for the region and, thus, might be able to take a leading role in shaping a future European Middle East policy.

In addition, the role of Russia and China in the Middle East and the increasing systemic competition between China and the United States were discussed. A point of contention remained on what position Europe would have to take in the US-China great power rivalry. Some discussants argued that Europe could offer an alternative to that rivalry by engaging more directly in the MENA region while others suggested Europe should not stay neutral but firmly stand on the side of democratic values.

Coming back to the Abraham Accords, the panellists discussed whether the Accords contribute to a two-state solution or whether they constitute a step back. One recommendation was that Europeans, rather than opposing the Accords, should use it as an avenue to work with the region in solving its current issues. The round concluded that the Abraham Accords are indeed a step forward, although they do not solve the Palestinian issue.

Speakers

Dorothée Schmid, Senior Research Fellow, Head of Turkey and Middle East Program, IFRI
Frank Müller-Rosentritt MdB, Member of the German Bundestag
Moran Stav, Head of European Division, National Security Council, Israel
Dr Chloe Berger, Faculty Adviser/Researcher, NATO Defense College
Cornelius Adebahr, Nonresident Fellow, Carnegie Europe

Chair

Carsten Ovens, Executive Director, ELNET-Germany

Plenary Session Three | Future-proofing European defence

This panel was dedicated to the question of how European defence can be made future-proof. It discussed the current state of military capabilities in Europe, how European armed forces need to be equipped in the future, how Europe and its allies could coordinate on defence and security issues and where defence investments should be prioritized to counter current and future threats.

NATO, being the strongest defence alliance, and the EU must work complementarily to cover the spectrum from high-level conflicts to cyberattacks, energy security and weaponization. There needs to be a refocus on collective defence as well as repairing Europe's infrastructure. This includes geographic and collective defence, where nations must take responsibility for their own territory. Whereas the US remains strongly committed to defending Europe, its focus may be shifting to countering China advances.

Accordingly, the question arose about the extent to which NATO will remain a strong European security actor. Thought must be given to a scenario in which Europe handles its own security without the US. To increase Europe's role, there needs to be European burden sharing and the capability to deploy European forces if necessary. A core of these forces should be built to repel direct attacks and protect European stability. Pressure on NATO should be limited when it comes to ensuring security and there should be more cooperation with the Indo-Pacific region.

Furthermore, it was noted that Germany needs to be prepared for future modernization – this could be done by using interoperability and cooperation with European neighbours. Coordination and cooperation among EU member states is needed to plan and execute military transports and avoid unnecessary overlap. Moreover, industrial protection is a brake on innovation, so a partnership with industry with an open approach is needed.

Speakers

General Jörg Vollmer, Commander Allied Joint Force Command Brunssum, NATO
Siemtje Möller MdB, Defence Political Spokesperson, SPD Parliamentary Group, German Bundestag
Brigadier Jason Rhodes, Defence Attaché, UK Embassy Berlin
Dr Jana Puglierin, Head of Berlin Office, European Council on Foreign Relations
Professor Dr Sven Biscop, Director, Europe in the World, Egmont Royal Institute for International Relations

Chair

Dr Renata Dwan, Deputy Director and Senior Executive Officer, Chatham House

DAY TWO | FRIDAY 5 NOVEMBER

Plenary Session Four | Climate action and decarbonizing European economies

This session discussed the challenges for markets, societies, governments, and industries evoked by climate change in Europe and beyond. The panel highlighted Europe's leading role in the decarbonization process such as the Green Deal which combines long-term and short-term targets which are being formalised in "Fit for 55" and thus provides regulatory orientation for actors in the private sector. However, the latter ought to be further supported by the EU. Private investment needs to be increased, regulatory clarity and incentives given, and green innovations fostered. The European Investment Bank has pledged to lending 50% of its assets to support the green transition by 2025. Europe can and should therefore play a leading role in the transition process. Nevertheless, the European Green Deal retains some blind spots - the risk of division between the global north and global south, inefficient use of energy and resources, the import of CO2 embedded products, the need for international governance on a much larger scale, social and intergenerational justice (risk of alienation of the under-25s) and a political green wedge driven by populists.

Regarding the role of companies in the transition process, there is a need for regulatory clarity, incentives, and a stronger push for renewable energy. It was emphasized that markets are not able to achieve a transition on their own - finance, industry and politics need to go hand in hand. The transition to a carbon neutral future is necessary and should be seen as a business opportunity rather than a challenge.

Speakers

Debora Revoltella, Director of the Economics Department, European Investment Bank
Dr Daniel Chatterjee, Director of Technology Management & Regulatory Affairs, Rolls-Royce Power Systems
Dr Heather Grabbe, Director, Open Society European Policy Institute
Brian Moran, Vice President, Global Sustainability Policy & Partnerships, Boeing

Chair

Professor Dr Miranda Schreurs, Chair of Environmental and Climate Policy, Technical University of Munich

Breakout Sessions | Round Three

Session A | Trade in a multipolar, post-pandemic global economy

This session focussed on the current state of international trade in a post-pandemic global economy. Ignacio Garcia Bercero suggested that trade policy has experienced several changes over the last five years. The EU made some progress in EU-US-trade relations, but against the backdrop of the COVID-19 pandemic, markets have faced a multitude of disruptions. Another important issue he raised, was the US-China trade conflict under President Trump. Under the Biden administration, this conflict has affected various fields. The overarching question for the EU should be, how to set up a plan for more cooperation and greater integration of trade policies.

Ilka Hartmann advocated for more resilience in the EU. The pandemic has shown the problems in supply chains and the need for greater accessibility for emergency equipment within the EU. To reach that goal, it would require mechanisms to prevent unilateral decisions of EU member states in emergencies.

Marianne Schneider-Petsinger emphasized the current situation in the EU and the international sphere. The main question for her is what role trade can play in the post-pandemic global economy. At the moment, a strong and sustainable rebound can be observed, and supply chains have remained mostly stable. In the future the EU must deal with the problem of how to protect its interest without resorting to protectionism. At the international level, however, a crisis of multilateralism and a proliferation of regional trade agreements can be observed. Therefore, in the future a balance has to be found between regional and multilateral agreements and how or if both can coexist.

The discussion also focused on the slow ratification process of the EU-Canada Comprehensive Economic and Trade Agreement (CETA), China's growing economic influence in Latin America, the EU-Mercosur negotiations and how sustainability can be promoted through trade. Regarding the current state of the trade agreement between the EU and Mercosur, Mr Garcia Bercero laid out, that there has been a lot of discussion about deforestation in the Amazon and that there is a strong EU commitment towards sustainability and sustainable development when it comes to free trade agreements. In view of the slow ratification processes, he pointed out that all parliaments of the EU member states have to ratify agreements. Nevertheless, the EU has one of the largest numbers of free trade agreements. Ms Hartmann also emphasized the importance of sustainability in trade agreements, but also advised caution not to lose partners by making too many demands and to shift the EU debate into a more strategic setting.

Speakers
Ignacio Garcia Bercero, Director, DG Trade, European Commission
Ilka Hartmann, Managing Director, British Chamber of Commerce in Germany
Marianne Schneider-Petsinger, Senior Research Fellow, US and the Americas Programme, Chatham House

Chair
Thomas Birringer, Deputy Head Division Analysis and Consulting, Konrad-Adenauer-Stiftung

Session B | Europe and post-pandemic productivity
This session discussed the challenges and opportunities for Europe in a post-pandemic environment in relation to labour markets and productivity. COVID-19 highlighted several existing trends, including productivity stagnation, lack of diffusion, and geographical divergence. Productivity growth has slowed remarkably over recent decades. The reallocation of labour and capital has become less efficient and business dynamism has declined.

The pandemic highlighted that development does not happen based on strategic choices, but rather necessities. Productivity revival and addressing pre-pandemic labour market issues can be converted into opportunities by policymakers. There must be a focus on how we sustain productivity and benefit from innovative work practices.

There is an opportunity to foster more intelligent use of third spaces for future hybrid working models. Besides remote work from home or at an office there can be third spaces in neighbourhoods managed by employers or federal/local authorities as a means of fostering efficiency and productivity growth. The automation transformation also needs more investment to promote productivity growth and regional divergences need to be addressed by policymakers, for example by support for low-tech firms to increase overall productivity.

Economies can adjust through future orientated strategies which focus on the creation of desirable and sustainable work, while also providing incentives and financial support for retraining workers into new types and areas of employment. This requires joined up policy measures that must also address the structural economic transformation brought about by automation and digitalization. Benefits need to be spread more widely to ensure technology benefits society. It also demands a new focus on promoting equality and inclusivity and addressing structural inequalities in the employment market and workplaces.

Adoption of labour market policies fit for the digital age need to be considered more seriously. Workers need to be supported in the transition and be involved in decision-processes. Furthermore, policymakers need to provide direction on digital and green recovery and commit to strong environmental policies going forward for firms to invest in green technologies to tackle existing issues, such as climate or demographic changes.

Speakers

Dr Max Neufeind, Advisor on Strategy and Digital Transformation, Federal Ministry of Finance, Germany
Dan Andrews, Head of the Structural Policy Analysis Division, OECD
Dora Meredith, Head of Programmes, The Institute for the Future of Work
Alexander Burstedde, Economist for Supply of Skill Needs, German Economic Institute
Rebecca Riley, Director, Economic Statistics Centre of Excellence, Professor of Practice in Economics, King's Business School, King's College London

Chair

Professor Dr Werner Eichhorst, Team Leader, Coordinator of Labor Market and Social Policy in Europe, Institute of Labor Economics

Closing Dialogue | A global China in a decoupling world

The closing session analyzed the complicated relationship between China and the West, as important trading partners on the one hand, and systemic rivals on the other. China's strategy is strongly motivated by the aim of developing its domestic market and managing the transition towards a high-tech, consumer-led economy. China aims to become a global leader, particularly in innovation and technology. In addition, China is striving to expand its influence around the world, with Europe and the US observing with growing wariness.

The panel emphasized geopolitics and economic factors as key drivers in the relationship between China and Europe. Regarding the question of whether China is decoupling from the world, or, whether the world is decoupling from China, Dr Johann Wadephul cast doubt on a common European analysis of China and the challenges China poses for the EU. He highlighted Europe's dependence on China with reference to the strong economic ties and as counterparts in global efforts to combat the effects of climate change. Furthermore, he referred to China's ambition to become the most powerful nation by 2049. He stressed that China does not share the aim of the West to protect the current rules-based international order. According to Dr Wadephul, the central challenge for Europe is to deal with China as a partner, competitor, and systemic rival at the same time.

Dr Yu Jie referred to the Chinese strategy of 'dual circulation' in her remarks, suggesting that China is relying heavily on domestic production and consumption, which is supplemented by external circulation. This development started prior to the pandemic but has been further propelled since. As a result, China has become more cautious about foreign direct investment and started to look more inwards economically. Furthermore, Dr Yu Jie posited that China will concentrate on the Asia-Pacific region in the future, particularly as the region will be the focus of its military capacities.

According to Professor Alexander Stubb, Europe tends to over rationalize the past, overdramatize the present and underestimate the future. The world order of today is tripolar and Europe remains one of the three great powers, alongside the US and China. In order to prepare for major future global challenges and protect global common goods such as peace, prosperity and climate, Europe should be a stabilizing and mediating power in the world, and he argued for dialogue and cooperation with China.

Dr Joachim Lang emphasized that China has fundamentally changed in the last ten to twenty years. Dr Lang highlighted Beijing's "Made in China 2025" strategy, which aims to upgrade its manufacturing sector, moving away from being a low-tech goods producer, to become a prime producer of high-tech products and services with a partial aim to achieve independence from foreign suppliers and Europe must face these new realities. He referred to the 2019 BDI paper on China, which included recommendations on how the EU should deal with China, with a suggestion that Europe should strengthen its domestic market. However, the Chinese market remains very important for big international enterprises. Another problem, according to Dr Lang, is the fact that Europe lacks national champions, which would increase the competitiveness of the EU.

In her remarks, Dr Janka Oertel suggested the impression of Europe can be that it does not know what it wants to be in the world. To her, the "next 5G" will be most likely be in the energy sector as well as decarbonization and green transformation. Dr Oertel emphasized that Europe is structurally disadvantaged when it comes to competing with Chinese companies. In contrast to Europe, China does not adhere to the same human rights, labour, and environmental standards. To prevent China from further diverging from international standards, the West must try to engage China to play by the rules.

During the concluding remarks, the experts suggested that Europe must first define its role in a changing geopolitical landscape in order to deal with China in a coherent way and pursue a clear policy.

Speakers

Dr Johann Wadephul MdB, Vice-chairman of the CDU/CSU Parliamentary Group, German Bundestag
Dr Yu Jie, Senior Research Fellow on China, Asia-Pacific Programme, Chatham House
Professor Alexander Stubb, Director, School of Transnational Governance, European University Institute, Prime Minister of Finland (2014-15)
Dr Joachim Lang, Director General and Member of the Presidential Board Executive Board, BDI
Dr Janka Oertel, Director, Asia programme, European Council on Foreign Relations

Chair

Dr Sarah Kirchberger, Head of the Center for Asia-Pacific Strategy & Security, Institute for Security Policy at Kiel University

Close of Conference