Conference summary

Europe’s Strategic Choices

Thursday 8 and Friday 9 November 2018, Ritz Carlton Hotel, Berlin
Thur[96x726]sday 8 November

Welcome
0900 – 0915
Dr Robin Niblett CMG, Director, Chatham House
Professor Dr Joachim Krause, Director, Institute for Security Policy, University of Kiel

Opening Remarks (on the record)
0915 – 0930
Dr Dietmar Woidke, Minister President, Federal State of Brandenburg

Plenary Session One | Liberalism Undone? Europe, Democracy and Globalization (on the record)
0930 – 1045
Within Europe, while the economy has improved, and the political effects of Brexit are largely being contained, there are concerns about democratic norms and the undermining of liberal institutions in some European Union member states, as well as high levels of support for anti-establishment and radical parties across the continent. At the same time, efforts to reform the EU to safeguard its political and economic institutions are on the table, but there is no agreement on the future direction of the integration project. Internationally, Europe faces a series of uncertainties: rising protectionism and a potential tariff war, the growing influence of China and the declining political leadership of the United States on the international stage. Consequently, concerns about the stability of the so-called ‘liberal order’ – and the collection of political norms, institutions and alliances which have formed its bedrock – are now widespread in Europe.

- How can Europe reform its institutions to protect itself against opportunistic populism from within and authoritarian challenges from abroad? What does it take to protect Europe’s liberal norms and institutions?
- What are the major sources of disagreement on the future direction of the European integration project?
- How can democratic processes be protected from subversion; particularly personal data being utilized by private actors and companies to influence electoral outcomes?
- Does the whole of Europe share a view on the benefits of global economic liberalization? How can countries championing economic globalization better communicate and share its benefits among its citizens?
- Amid the rhetoric of ‘America First’ and disputes over the benefits of trade, could globalization go into reverse? What are the prospects for a significant rift in transatlantic relations?

Nick Timothy, Columnist, Daily Telegraph; Chief of Staff to Prime Minister Theresa May (2016–17)
Jana Puglierin, Head of Programme, Alfred von Oppenheim Center for European Policy Studies, German Council on Foreign Relations
Jan Zielonka, Professor of European Politics and Ralf Dahrendorf Fellow, St Antony’s College, Oxford University
Fuat Keyman, Director, Istanbul Policy Center and Professor of International Relations, Sabancı University
Chair: Hans Kundnani, Senior Research Fellow, Europe Programme, Chatham House
Breakout Sessions | Round One (These sessions were held under the Chatham House Rule)

Session A | Britain and the EU after the Divorce: Alignment or Divergence?

As Britain negotiates the terms of its withdrawal from the EU, the challenges and trade-offs inherent in Brexit are becoming ever clearer. With the clock counting down to Britain’s departure, there remain many difficult issues to be resolved, not least the final terms of transition and the shape of any future relationship. The politics of Britain remain deeply divided. Meanwhile, despite the unity of phase 1, the EU will also face difficult challenges in the months ahead to stay united.

- Will the UK and the EU be able to agree a new positive relationship for the future?
- To what extent can and will the UK and EU cooperate on foreign and security policy?
- Is there a risk of the UK and EU diverging in important areas of policy in the future?
- How will Britain’s withdrawal change the balance of power and interests within the EU?

Alex Ellis, Director General, Department for Exiting the EU, UK
Axel Dittmann, Director for EU Institutional Affairs, Brexit and EU Coordination, German Federal Foreign Office
Susi Dennison, Director, European Power Programme, European Council on Foreign Relations
Chair: Thomas Raines, Head, Europe Programme, Chatham House

Session B | Maritime Security

European navies (as well as the defence industrial and intellectual complexes) are increasingly tasked with diverse challenges ranging from counter-piracy and humanitarian assistance on the low end, to anti-submarine warfare and power projection on the high end. Navies (and coast guards, to a lesser degree) must be both a tool for foreign policy and the ‘Swiss Army knife’ facing a multitude of missions. At the same time, the seas are ever important for economic reasons, from cargo ships passing through choke points to undersea cables, from ports to seabed resources. This panel will take a geographical look at maritime focus areas, from the Baltic Sea to the High North to the Mediterranean and beyond Europe’s neighbouring seas, to answer questions about the future of cooperation with the US in NATO and the significance of the rise of new naval powers such as China.

Rear Admiral Jürgen zur Mühlen, Director Operations, German Navy
Dr Sarah Kirchberger, Head of the Center for Asia-Pacific Strategy and Security, Institute for Security Policy, University of Kiel
Bruce Stubbs, Director, Strategy Division, US Navy
Chair: Professor Dr Julian Lindley-French, Senior Fellow, Institute for Statecraft

Session C | How Should Europe Approach the Belt and Road Initiative?

China’s flagship Belt and Road Initiative represents a grand ambition to boost trade and economic growth across Eurasia through investment in infrastructure across land and sea. While some companies see significant opportunities, the proposals have generated some confusion over the details, and scepticism about whose interests they will serve.

- What does China hope to achieve through the Belt and Road Initiative and over what timescale?
• What opportunities could the Belt and Road create for the EU and European companies, and how might these be exploited?
• Does the centralization of political power in China make it a more difficult partner for Europe?
• Do diplomatic efforts like the 16+1 process indicate a Chinese strategy to divide Europeans? Given China’s economic weight, how successful might this approach be?

Tom Miller, Senior Asia Analyst, Gavekal; Managing Editor, China Economic Quarterly
Tobias Dennehy, Head of Belt and Road Task Force, Siemens
Dr May-Britt Stumbaum, Director, NFG Research Group, Free University of Berlin
Mikko Huotari, Deputy Director, Mercator Institute for China Studies (MERICS)
Chair: Dr Janka Oertel, Transatlantic Fellow, Asia Program, German Marshall Fund

1245 – 1345 Lunch

Plenary Session Two | Europe’s Growth Challenge (on the record)
1345 – 1445
Despite a more positive global economic outlook and synchronized economic growth in Asia, the US and Europe, the long-term perspective for growth in Europe is marked by challenges. While mature economies around the word have experienced stabilization in productivity growth, productivity performance in Europe has slowed since the financial crisis. Political factors, including the fallout from Brexit, the prospect of a transatlantic trade war and an energy system vulnerable to supply disruptions, are compounded by economic factors, such as an underdeveloped capital market (in comparison with the US), a labour market that faces disruption due to digitization and automation, and the success of a monetary policy of cautious normalization. What are the policy and industry responses that should be pursued to guarantee European growth in this climate of uncertainty and disruption?

• To what extent do European policy-makers need to rethink trade, investment and industrial strategies to support future growth in ways that address concerns about the future of jobs and living standards?
• How can the puzzle of increasing growth without increased productivity be explained?
• How can European labour markets maximize the benefits of technological innovations such as artificial intelligence, given the different degrees to which digitization drives sectors and industries in European economies?
• How are European policies related to the management, use and cross-border movement of data affecting growth?
• In the event of a trade war, is the EU in a position to defend and advance its interests internationally and avoid a tariff dispute with the US?

Friedrich Merz, Chairman of German Operations, BlackRock
Jan Mischke, Partner, McKinsey Global Institute
Michael Schmidt, President, British Chamber of Commerce in Germany
Chair: Tanya Beckett, Journalist, BBC

1445 – 1515 Refreshments
Session A | Getting Its Act Together: Can Europe Learn to Act Strategically?
1515 – 1645
President Macron’s push to reform the EU and the German government’s commitment to a European renewal coincides with the likely departure of the UK as a strategic actor. At the same time, Europe’s political landscape has changed since the heyday of Franco-German leadership, not least with the competing visions at the heart of the current debate over the future of the EU. This will have implications not only for Europe’s ability to decide on a common political and security framework but also on its capacity to define its role in a more competitive global economy of the 21st century.

• What institutions or group of countries will be able to deliver strategic leadership for Europe given the existing incompatible and competing visions for the future of the European project?
• What institutional reforms and political decisions are necessary for a coherent European strategic approach to the economic challenges of increased global competition and a return of trade barriers and economic nationalism?
• How can Europe make sure that smaller nations are not left out of common initiatives and at the same time prevent obstructions to strategic decision-making and action?
• Can Britain remain ‘plugged-in’ to European diplomatic, security and economic initiatives after Brexit?

Sophia Besch, Research Fellow, Centre for European Reform
Rob de Wijk, Founder, The Hague Centre for Strategic Studies
Baroness Neville-Jones, Minister of State for Security and Counter Terrorism (2010–11)
Chair: Professor Dr Joachim Krause, Director, Institute for Security Policy, University of Kiel

Session B | Migration to Europe
1515 – 1645
While the number of migrants and refugees has come down from its peak, there are still significant flows of people seeking safety and opportunity in Europe and risking their lives in the process. Meanwhile, the pressures on some front-line states remain intense, and immigration remains a top concern among European publics. Over the longer term, immigration pressures are only likely to increase given the pace of economic and demographic change, particularly in Africa.

• Is a European-wide consensus on migration issues possible? What could a wider political bargain on migration and refugee policy look like?
• How should European leaders address public fears about immigration?
• Does the EU have the right provisions on asylum?
• How can European states and the EU work with source countries, particularly in sub-Saharan Africa, to provide security and opportunity to their citizens?
• What are the risks associated with outsourcing aspects of immigration and asylum to third countries?

Michal Vašečka, Director, Bratislava Policy Institute
Antonio Villafranca, Research Coordinator and Co-Head of the Europe and Global Governance Centre, Italian Institute for International Political Studies
Gerald Knaus, Founding Chairman, European Stability Initiative
Ana M Alvarez, CEO and Founder, Migration Hub Network
Chair: Victoria Rietig, Senior Fellow for Migration, German Council on Foreign Relations
Session C | Shifting Sands: Europe’s Strategic Options in a Changing Middle East

1515 – 1645

The Middle East is witnessing a level of regional-power rivalry unseen since the end of the Cold War. Not only are competing interests fuelling civil wars in the region; the direct involvement of Russia, the US and other NATO countries such as Turkey has made the scenario of a direct military confrontation in Europe’s neighbourhood possible once again. On the political and economic side, the state of the countries of the region varies between grand political ambitions of reform and reorganization, stagnation and disintegration. This session will provide a better understanding of the current power dynamics and drivers of conflict in the region with the aim of identifying options for Europe’s engagement.

• What will the regional order look like following the winding down of the conflict in Syria, and what are Europe’s options for its future strategic engagement?
• What influence does Europe have on the key powers of the region, such as Iran and Saudi Arabia?
• Who are Europe’s partners in the Middle East, and how can Europe strike a balance of supporting political stability and economic prospects in the region without sacrificing its principles and values?
• How reliable is Turkey as a key partner to Europe and a NATO ally in the region? What consequences will its changing economic prospects and political instability have on its foreign policy?
• What is the future of the Iran nuclear deal and what are the consequences of the shift in US policy towards the broader region?

Professor Dr Hüseyin Bağcı, Middle East Technical University, Turkey
Thomas Birringer, Head of the Middle East and North Africa Team, Konrad-Adenauer-Stiftung
Dr Cornelius Adebahr, Associate Fellow, Alfred von Oppenheim Center for European Policy Studies, German Council on Foreign Relations
Chair: Tomisha Bino, Researcher, Conflict Analysis and International Crisis Management, Institute for Security Policy, University of Kiel

1645 – 1700 Short break

Plenary Session Three | The Future of European Defence Cooperation: New Milestones but the Same Old Problems? (on the record)

1700 – 1815

The debate over the future of the military dimension of the European Union’s security policy has been re-energized by the decision on a Permanent Structured Cooperation (PESCO). While presented as a milestone and designed to be complementary to NATO, Europe’s new ambition will have to confront the scepticism and reservations of partners in Europe and beyond. In addition to the question of who is willing and who can work together, diverging narratives and disparate perceptions among Europe’s states regarding past performances, current abilities and future contributions will also need to be addressed.

• How can the different national preferences and interests be reconciled to achieve a deepening of industrial cooperation in the defence sector?
• After successive efforts to establish a common European defence approach, what can PESCO substantively change?
• How can the European defence agenda deepen the transatlantic defence cooperation?

Dr Rüdiger Huth, Deputy Director General Security and Defence Policy, Federal Ministry of Defence, Germany
Constanze Stelzenmüller, Robert Bosch Senior Fellow – Foreign Policy, Center on the United States and Europe, Brookings Institution
**Jeffrey Holachek**, Vice President, Government Relations and Business Development, Honeywell International  
Chair: **Dr Patricia Lewis**, Research Director, International Security, Chatham House

**1815 – 1915**  
End of day one and drinks reception

**Conference Dinner and Keynote Conversation**  
1915 – 2200

Keynote conversation  
**Peter Watkins CBE**, Director General Security and International, Ministry of Defence, UK  
Chair: **Dr Robin Niblett CMG**, Director, Chatham House

**Friday 9 November**

0845 – 0945  
Registration

**Plenary Session Four | Anomaly or a New Normal? The US after the Midterm Elections (on the record)**  
0945 – 1115

Two years after the election of Donald Trump as president of the US, his administration has faced its first major political test at the ballot box. The midterms offer insight into whether Trump’s 2016 election and conduct in office represent a unique phenomenon or a deeper underlying shift in America’s politics, as well as its relationship with the world. The panel will analyse the midterm elections and their implications for the policies of the US for the next two years, as well as offer a half-time report on the Trump administration’s political course, its achievements, failures and prospects, and consider how the transatlantic relationship will develop.

- What do the results of the midterm elections indicate about Trump’s prospects for re-election?
- How should the first two years of the Trump administration be viewed?
- What should America’s allies in Europe expect from the US over the next two years?
- To what extent can the US be influenced by international partners? How might European states seek to nudge US policies in different directions?

**Julianne Smith**, Weizsäcker Fellow, Bosch Academy; Adjunct Senior Fellow, Transatlantic Security Program, Centre for a New American Security (2014–18)  
**Steven Erlanger**, Chief Diplomatic Correspondent in Europe, *New York Times*  
**Edward Luce**, Chief US Commentator, *Financial Times*  
**Dr Josef Braml**, Senior Fellow, Foresight USA, German Council on Foreign Relations  
Chair: **Leslie Vinjamuri**, Head of the US and the Americas Programme, and Dean of the Queen Elizabeth II Academy, Chatham House

1115 – 1145  
Morning Refreshments

**Keynote Addresses | Designing Europe’s AI Future (on the record)**  
1145  
**Peter Altmaier**, Federal Minister for Economic Affairs and Energy, Germany  
1215  
**Warren East**, Chief Executive Officer, Rolls-Royce  
Chair: **Dr Robin Niblett CMG**, Director, Chatham House
Breakout Sessions | Round Three (These sessions were held under the Chatham House Rule)

1345 – 1500

Session A | Cyber Risk and Resilience

1345 – 1500
Enhancing cyber resilience is one of the principal challenges facing public and private institutions. There is a growing consensus that major cyber attacks are now a question of ‘when’ rather than ‘if’. The threats are multiple – from state-associated actors, terrorists and criminal networks. This session will focus on developing a better understanding of existing and potential cyber vulnerabilities and systemic risks, and ways to enhance preparedness and resilience.

- As cyber attacks continue to evolve in scale and complexity, how prepared are governments and companies for the current cyber threat landscape?
- In what ways is pressure on governments to act forcefully on national security issues shaping the cyber policy landscape?
- To tackle cyber crime, how can collaboration on intelligence, methodology and resources between states and businesses be improved?
- What progress is being made in terms of international cooperation and harmonization of regulatory and legal frameworks?

Hans-Georg Engelke, State Secretary in the Federal Minister of the Interior, Building and Community

Thomas Fitschen, Special Representative for International Cyber Foreign Policy and Cyber Security, Federal Foreign Office of Germany

Dr Lutz Bertling, Chief Strategy and Marketing Officer, Chief Digital Officer, OHB Group, Member of the Executive Board, OHB SE

Ria Thomas, Global Co-Lead for Cybersecurity, Brunswick

Chair: Solange Ghernaouti, Director, Swiss Cybersecurity Advisory and Research Group, University of Lausanne

Session B | Monetary Union

1345 – 1500
The eurozone is enjoying a sustained period of growth, with unemployment falling and inflation down. While the response to the eurozone crisis has improved financial stability, the process of reforming monetary union is incomplete, and there are still important challenges over the longer term. Proposals to create a eurozone finance minister, budget and parliament, as President Macron has laid out, or even more ambitiously a degree of debt mutualization, will involve difficult compromises across the bloc, where the balance between notions of responsibility and solidarity remains hotly contested.

- What reforms in the euro area would be needed to improve convergence between economies with very different levels of growth and performance?
- How much appetite is there for reform across the bloc given competing political challenges?
- To what extent are German and French visions of monetary union compatible?
- How much more political integration is necessary to underpin the single currency?
- How might the goalposts of monetary union shift for those countries committed to join but not yet inside, and for countries hoping to join the EU in the future? How might this reduce the prospect of eurozone expansion in the medium term?
Session C | The Future of Ukraine and Europe’s Role
1345 – 1500
Since the Euromaidan revolution, the EU has supported a reform process in Ukraine while working to end
the conflict in the Donbas. With the elections to be held in 2019, this panel addresses the questions of how
Europe can (better) support change in Ukraine, how future coordination with US policy towards the
country can be organized and what the future of the Minsk process will look like.
• How far has the reform process proceeded? Where do things stand in the conflict in the Donbas?
• What are the scenarios for dealing with the conflict in the future? What is Russia’s policy towards the
conflict?

Andreas Umland, Senior Research Fellow, Institute for Euro-Atlantic Cooperation, Kyiv
Orysia Lutsevych, Research Fellow and Manager, Ukraine Forum, Russia and Eurasia Programme,
Chatham House
Oleksiy Melnyk, Co-Director, Foreign Relations and International Security Programmes, Razumkov
Centre, Kyiv
Chair: Professor Dr Joachim Krause, Director, Institute for Security Policy, University of Kiel

1500  Reconvene in main conference hall

Closing Conversation | Managing the AI Transition (on the record)
1505 – 1610
Europe is at the threshold of an industrial future that is likely to be driven by artificial intelligence. How
this will play out, and the costs of the transition to a new industrial age, are not yet apparent, but policy-
makers and societies need to prepare the groundwork now to be able to design the future and not be left
at the mercy of the forces of technology. In this context, regulation, standards and governance will play a
key part. How can this be achieved given the limits of policy-makers’ reach, and the need for cooperation
between competing public and private interests?

Christine Foster, Managing Director for Innovation, The Alan Turing Institute
Paweł Świeboda, Deputy Head of the European Political Strategy Centre, European Commission
Debora Revoltella, Director of the Economics Department, European Investment Bank
Irakli Beridze, Head of the Centre for Artificial Intelligence and Robotics, United Nations
Chair: Dr Robin Niblett CMG, Director, Chatham House

Closing Remarks
1610 – 1630
Dr Robin Niblett CMG, Director, Chatham House
Professor Dr Joachim Krause, Director, Institute for Security Policy, University of Kiel

1630  End of conference
Discussion summaries for the following sessions

Breakout Round One
(these sessions were held under the Chatham House Rule)
- Session B | Maritime Security
- Session C | How Should Europe Approach the Belt and Road Initiative?

Plenary Session Two | Europe’s Growth Challenge
(this session was on the record)

Breakout Round Two
(these sessions were held under the Chatham House Rule)
- Session B | Migration to Europe
- Session C | Shifting Sands: Europe’s Strategic Options in a Changing Middle East

Plenary Session Three | The Future of European Defence Cooperation: New Milestones but the Same Old Problems?
(this session was on the record)

Plenary Session Four | Anomaly or a New Normal? The US after the Midterm Elections
(this session was on the record)

Breakout Round Three
(these sessions were held under the Chatham House Rule)
- Session A | Cyber Risk and Resilience
- Session B | Monetary Union
- Session C | The Future of Ukraine and Europe’s Role

Closing Conversation | Managing the AI Transition
(this session was on the record)

Round One Session B | Maritime Security

This breakout session was devoted to issues of security and defence in a vast strategic space: the maritime sphere. Europe and Germany in particular are depending on a safe and free maritime domain, an assertive law of the sea, and, in the area of economic relations and trade, on free Sea lines of communication (SLOCs). Only the international cooperation of maritime forces guarantees the security of this critical vein of globalisation, prosperity and wealth.

One of the core arguments of the panel discussion was that, in the maritime domain, we have entered a new era of great power competition. This is stressed by the imposing resurgence of well-known sea powers as Russia, as well as emerging threats as China with an already highly capable fleet. Especially the massive Chinese build-up of manned and unmanned systems was highlighted as something to be observed. The maritime component of the People’s Liberation Army Navy (PLAN), combined with air and space units, creates extensive maritime domain awareness capabilities, notably in the South China Sea,
but also beyond. Facing closer cooperation efforts between Russia and China, the United States Navy and its supremacy of the sea might not be taken for granted in near future anymore.

With the US as a guarantor for Europe’s security, the panel discussed that the current developments call for a deep understanding of a new “euro-realism”: The European naval forces need to be capable to deal with upcoming threats and challenges, together with their international allies and partners. But not only the new multi domain high-level threat poses challenges for Europe, its security, and freedom of navigation. Also, non-state actors are still threatening the shipping industry and global trading routes. Europe’s navies are no longer facing the one and only “red threat” in the East anymore, neither are they solely confronted with low-intensity operations in the South and Middle East. Their forces and strategies need to adapt the recent global developments and therefore look for a new balance of efficiency and effectivity. While facing different threats in different theatres, from the Baltic and the High North to the Mediterranean and further South, their force structure needs greater capacities and increased capabilities. While dealing with the wide spectrum of tasks and duties, simultaneously, they need to prevent to be overstretched. For achieving this, Europe’s strategic choices need to be based on a clear strategic concept, which acknowledges the new reality and deals with the along coming challenges to maintain wealth, peace and a rules-based world order.

Round One Session C | How Should Europe Approach the Belt and Road Initiative?

With China’s ambitions in the Belt and Road Initiative, it is ever more important for Europe to address the question of how Europe’s response could look like. The panel argued that China’s three major policies are first, the rise as a technological superpower starting in 2015, second, military fusion, where the commercial sector is brought into military sphere, and, third, the Belt and Road Initiative as part of a geopolitical grand strategy of creating an alternative global order through infrastructure. Therefore, the Belt and Road Initiative has no geographical limitation to Eurasia anymore and is, as one participant put it, “a nice word but mainly China going global”. While it is too early to say that this ambition of the Belt and Road is succeeding, China is far more successful than five years ago and in a stronger position than before.

On the question of what opportunities, the Belt and Road initiative could create for Europe and European companies, the speakers explained that while a great openness exists inside China, finding partner for joint projects under the Belt and Road Initiative has proven more difficult. For better chances and opportunities, European companies would have to be more proactive by requesting a role in the initiative. As one speaker explained, while China is using a “push-perspective”, one opportunity for European companies could be an alternative approach by taking the “pull-perspective”, that is to try to better assess the needs of partner countries in the Belt and Road initiative by taking the perspective of the receiving countries. Following this approach, countries who had bad experience with China would represent opportunities for European companies.

Discussing the EU strategic paper towards the Belt and Road Initiative, the panellists had different opinions. On the one side, some saw the European approach as missing the hard factor, not being underpinned by financial interests and not answering the strategic perspective – the question of shaping Eurasia. From a more positive point of view, it was argued that a sense of realism on the EU’s abilities is needed, which is bringing the partners together, creating lessons learned and creating momentum. While
some panellists thus favoured a balanced approach, including a counter-initiative, others gave preference to a cooperative pragmatic one.

Discussing the question whether Europe can work together with Xi Jinping’s China under a normative perspective, some participants stressed that EU needs to work with countries like today’s China and continue its double approach - doing business while highlighting the relevance of human rights. There was consensus among the panellists that aside from the risk of underestimating the security, military and economic effects, the risk of losing out to China in the digital economy is high. Thinking in scenarios, the prospect of authoritarian digitalism is dangerous, the speakers consequently emphasized the European need to ensure control, to make red lines clear and the even more crucial role of building infrastructure. The panel concluded that the challenge the EU is facing is a competition of systems. Thus, while China is trying to push through its rules, Europe must do the same. The speakers highlighted that the EU needs to take more action, such as inviting China to participate in European projects and European ideas. This, as one participant put it, would be more strategic.

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Plenary Session Two | Europe’s Growth Challenge (on the record)

This panel was dedicated to the question of Europe’s long-term perspective for growth in the face of a series of challenges, ranging from the political factors such as the effects of Brexit, transatlantic trade wars and the lack of a European role in current and future growth sectors, particularly digital technologies.

Michael Schmidt of the German-British Chamber of Commerce noted that the need for better coordination of European fiscal and monetary policies will likely become more acute and cooperation with the UK as one of Europe’s economies even more complicated. Companies were running out of time and were already executing their Brexit, irrespectively of how a final agreement between the EU and the UK will eventually look like. For Friedrich Merz, a second referendum would not be something to hope for since there won’t be a clear parliamentary majority in favour and the minority supporting Brexit will become even more radical. With Brexit certain to happen, he predicted a definite impact on European growth, not least because trade agreements are some of the most complicated types of international agreements to negotiate. For Germany, one of the major tasks ahead is communicating to its European partners that despite a perceived economic dominance, the country is an equal among them.

Further challenges discussed by the panellist were that of a growing economic divergence in Europe, the potential reasons for this trend as well as its likely consequences. According to Jan Mischke, a lack of productivity growth for more than two decades can be found at the heart of the problem. The factors responsible for this are a weakness in investment and demand and the lack of strength of Europe’s digital economy. It is here that the contrast between Northern and Southern Europe is especially stark and is expected to produce a higher skills premium, raising the need for better training and re-skilling.

Given the absence a common, single European economy and a subsequent lack of agreement on a macroeconomic strategy for the whole of the EU, Friedrich Merz diagnosed a fundamental difference within the EU whether competitiveness or demand-driven approaches should form the basis for a common economic policy. For him, Germany and France should take the front seat in this debate, inspiring others to follow. Seeing Germany as the greatest benefactor of the Euro-System and its monetary policy, this would require a greater responsibility of the country for Europe’s future economic
prospects. In the area of trade, with the failure of TTIP and a global trade agreement still not on the horizon, a grid of trade agreements was presented as the second-best solution. At the same time, an agreement with China will remain out of the question as long as the country is not following the same rules regarding goods and services, including the protection of intellectual property, and cannot be considered a free market country.

What are Europe’s Strategic choices for future growth? According to this view, Europe’s choices for future growth do not revolve around individual industries and their assumed growth potential but a strategic vision based around competitiveness and the adequate competitive frameworks for growth. Alternatively, for the area of the digital economy, the discussion produced the argument that Europe is presented with the choice of either remaining dependent on existing global giants creating value, employment and tax revenue in and for Europe, or it has to find a strategy to build its own giants.

Round Two Session B | Migration to Europe

Despite the decreasing number of people making their way to Europe, migration is still one of the most disputed issues in present-day European politics. In an intense debate, the panel focused on the question of whether a common European migration strategy exists and how such a strategy would have to be designed to meet current and future challenges.

There was consensus among the panellists on the assumptions that, first, the European Union does not currently have a common approach to deal with migration and that, second, such an approach would be necessary to govern migration appropriately and, consequently, guarantee an adequate protection of refugees.

Showcasing differing approaches towards migration within Europe, the panellists discussed the situation within two regions, Southern Europe, in particular Italy, and Eastern Europe, in particular Slovakia. Regarding Italy, a two-fold problem was identified. On the one hand, the speed of migration challenging the national migration system, and, on the other hand, the way asylum seekers enter the country. The experienced absence of a European solution was highlighted as a factor causing mistrust of the Italian government and society towards the European Union over the last years.

In contrast, Eastern European states perceived very little migration until 2015. In Slovakia, for example, only 280 individuals have been granted asylum since 1993. The extremely restrictive approach towards migration of several Eastern European states was explained by four main reasons. First, based on little experience with migration, a number of Eastern European states argue that they would not possess the economic capacity to support asylum seekers. Second, many Eastern European states were guided by varying types of essentialist nationalisms, leading to barely any discussion on how to regulate migration. Third, internal struggles for participation and equality led to little willingness of the society to accept asylum seekers. Finally, the extent to which the same set of values is be shared between societies within Eastern and central Europe was questioned.

Ultimately, the panel elaborated some key elements necessary for a common European migration strategy such as quick, fair and transparent asylum procedures, fast deportation of those who are not entitled to such protection and a broader involvement of migrants in the public discourse. Eventually, the panellists stressed the importance of EU-based decision making in order to manage future migration.
Round Two Session C | Shifting Sands: Europe’s Strategic Options in a Changing Middle East

The session discussed the current challenges in the Middle East, and how Europe can respond to them.

Today’s Middle East is still profoundly affected by the aftermath of so-called Arab Spring that swept away authoritarian regimes in several countries seven years ago. While the wave of public unrest had initially raised hopes for a better, more democratic future in the region, despair and desolation have meanwhile taken hold. Only Tunisia has undergone a transformation to democracy as other states slid back into oppressive dictatorships or turned to civil war, fuelling political instability, extremism and economic stagnation across the region.

Europe has reacted slowly to the turmoil in the Middle East and responded with half-hearted and inconsistent policies rather than a coherent strategy. While it has actively engaged in the promotion of democracy and human rights in the region, rising concerns over extremism and mass migration have contributed to an increase support of authoritarian leaders for the sake of stability in some European countries. All the while, a lack of a common vision has strained Europe’s ability to wield influence in the Middle East. There was agreement among the panellists that the development of a common European foreign policy in the Middle East raises fundamental questions as to Europe’s interests and values, the right balance between the two and whether they can be translated into meaningful policies. The speakers agreed that if Europe played its cards well, it could indeed provide a meaningful contribution to peace and security in the Middle East.

To mitigate the risk of an arms race in the region, Europe has made the strategic choice to keep nuclear deal with Iran alive amid re-imposed US sanctions. With the establishment of a ‘special purpose vehicle’ (SPV) designed to allow European companies to circumvent US sanctions, Europe seeks to ensure that Iran benefits from the deal and continues to abide to it. However, progress has been slow, as no country has yet come forward to host the SPV out of fear of US retaliation.

Syria may become a future arena where European diplomacy could play a decisive role. It is conceivable that with a commitment to assisting the reconstruction effort in the country, Europe could potentially use its economic power as a leverage to shape the post-conflict environment and improve the humanitarian situation.

The panel shared the view that amid the tremendous challenges in the Middle East, Europe needs to shoulder more responsibility. If it acts proactively and uses its power wisely, it can play a stronger role to help the stabilization of the region.

Plenary Session Three | The Future of European Defence Cooperation: New Milestones but the Same Old Problems? (this session was on the record)

For decades, Europe has been seeking greater defence cooperation. Against the backdrop of a rapidly evolving security environment, Europe today faces new and profound challenges: the erosion of the
international norms and laws, terrorism, hybrid scenarios and threats in the cyber domain. To make matters worse, transatlantic ties are under significant strain, leaving Europe in an unenviable position. The panel argued that a far greater burden now rests on Europe to channel its political, economic and military capabilities to address the vast range of risk and threats. Clearly, more than ever, Europe must provide for its own security and defence. However, various work against a deepening of industrial cooperation and common approaches toward European defence. First and foremost, it was argued that transatlantic ties have the potential of becoming toxic, with severe ramification for Europe. Currently, even the United States and NATO appear to be moving in different directions. Consequently, the sharing of important intelligence between allies and partners has suffered, despite the need for strategic and military trust all the while, NATO remains without alternative to Europe.

Meanwhile, Brexit will likely detract Europe from developing its ability to act in unison and complicate closer cooperation. The decision to exclude Britain form the Galileo satellite system is a case in point. It was highlighted that, faced with a plethora of challenges, there is no time for petty decisions. While more comprehensive cooperation continues to face significant hurdles, headway has been made in the recent past. Importantly, it was noted that Europe’s efforts are not necessarily perceived as duplications of existing capabilities and frameworks by their U.S. partners. While industrial cooperation is still in national hands, European companies hold some advantages vis-à-vis their international competitors. Based on the tenets of free, strong, and fair competition, the panellists concurred that optimism was well advised. However, it was stressed that to be successful, Europe must become a ‘rule maker’ rather than a ‘rule taker’ in defence and security issues writ large.

Although challenges remain, the panel identified new milestones in Europe’s defence cooperation. Acting upon the European Union’s global strategy, promising efforts are underway. PESCO, for example, is still in its infancy but it provides a new quality of cooperation, so the consensus among the panellists. Significant increases in both national and EU defence funding has strengthened the European military posture and by extension its pillar within NATO. High-profile, joint procurement projects such as the Eurofighter Typhoon, the multinational tanker fleet (based on the Airbus A-330 airframe), and the Eurodrone (Airbus, Dassault, Leonardo), have instilled industry with confidence.

As the panel looked to the future, both challenges and opportunities are discernible. Alternatives to current practices and greater flexibility among European defence industry and policy will be essential to satisfy the different and often contradicting, political, strategic, doctrinal requirements among the individual states. To avoid a potential darkening of cooperation in a period of nationalist tendencies and renewed great power competition, significant strategic foresight will be necessary to see common weapons system, such as the sixth-generation combat aircraft, come to fruition.

Plenary Session Four | Anomaly or a New Normal? The US after the Midterm Elections (this session was on the record)

Two days after the midterm elections in the United States and with events still unfolding in Washington DC, the panel set out to analyse the elections, their consequence for the Trump administration’s political course for the following two years, and their implications for Europe and the development of the transatlantic relationship. Despite contrasting partisan claims, the speakers agreed that the election was widely considered as a referendum on President Trump and a success for the democrats, although rather a blue wave than a blue tsunami, as Steven Erlanger noted. This view was shared by Julianne Smith, who
Despite the gains for the Democrats in the House and several encouraging signs such as the high number of successful women and first-time candidates expected no smooth sailing but “more chaos and a tremendous amount of friction” that would result in a United States even more distracted in matters of foreign policy. Commenting on the consequences for the Republican Party, Edward Luce highlighted that the midterm elections saw the completion of a circle that already began in the last midterm elections with the Republican Party winning in formerly Democratic rural areas and Democrats extending their electoral success in urban areas in the 2018-midterm elections. Together, these trends resulted in a sharpening of the political rural-urban contrast and reflected an economic decoupling of the cities from the rural areas, leaving the suburbs as the last electoral battlegrounds between both parties. Luce pointed out that the midterm elections revealed one overriding fact of the American political system that, while 55% American might have voted for the Democratic Party, after the midterms, Democrats still only control one half of one of three branches of government.

The panel differed slightly in its assessment of the election’s consequences for President Trump’s political agenda. For both Luce and Erlander, the Democratic majority in the House of Representatives will be of significance for the Mueller investigation, whose protection will represent a priority for the House Democrats and subsequently consume a lot of effort and attention. Joseph Braml warned that Europeans could be ending up daydreaming again by expecting a divided congress to reign in President Trump. Behind the theatrics of the Trump White House, Braml expected the president to continue his agenda of dismantling the administrative state and deconstructing the international order, especially in the area of trade policy. He identified the project of a big infrastructure bill, initially a much more advertised part of his economic nationalist agenda, as having the potential to win the support of the Democrats. Edward Luce and Julianne Smith contrasted this assessment; with Smith pointing to the higher likelihood of Trump using the Democrats as scapegoats in the event of the stimulating effects of tax cuts running out and a darkening economic outlook.

Turning to the elections’ consequences for Europe, the question was raised whether the Trump-era only represents a phase that Europe should wait out by avoiding further disputes or whether the relationship with the United States will remain different from here on out and Europe was better advised to take a more determined stance.

It was noted that substantial differences about Europe’s contribution to alliance security did not first emerge under Trump but were already a contentious issue for his predecessor. Turning the indicative example of Germany, the panel highlighted that while the country took a step towards the U.S. President by pretending to act on his administration’s call for action on greater defence spending and trade imbalances on the one hand, going even further and advocating a move to counter-balance the U.S. foreign policy on the other hand has not been backed by substance or any concrete practical steps. This approach was considered neither persuasive nor particularly helpful, given that it was France not Germany that so far has been the only country to suggest substantial European reforms in a moment that Europe remains caught up dealing with a series of problems of its own, in which President Trump only represents one of the lesser ones.

Round Three Session A | Cyber Risk and Resilience

In this session, speakers started by identifying what they saw as the main cyber risks. The long list included a wide range of issues affecting the different actors, such as protecting the human right of
privacy in cyberspace, the security of satellites, emerging technologies and the difficulties in raising awareness among the public about cyber security.

To address cyber risks, the German Ministry of Interior dedicates 10% of its budget to enhancing cyber security. The Ministry also provides mobile incident response units to be deployed in case of attacks on critical infrastructure.

Some of the speakers noted the developments in cyber security regulation, such as laws requiring critical infrastructure organizations to maintain a specific level of cyber security and report all attacks against them. As an example of challenges to cyber security caused by new technologies, one speaker explained the rise of quantum computing. This development, he said, will immediately compromise cyber security by rendering all asymmetric encryption obsolete, making ‘historic’ data (data that is asymmetrically encrypted) vulnerable. The way to secure this historic data would be through distributing quantum keys. However, this is only a temporary method, as new technologies will inevitably emerge.

The speakers also highlighted the different ways their organizations are contributing to cyber resilience, with one speaker noting that resilience is the ability to adapt aftershocks or changes in one’s environment, and that it is important to try to foresee emerging challenges and to get ahead of them. On the states level, cyber foreign policy and diplomacy is working towards defining cyber norms and prohibitions, as well as creating confidence building measures amongst EU states. On these fronts, the EU is working with the UN as well as likeminded countries. All speakers agreed that cyber resilience can be enhanced through closer cooperation between states and businesses. Nevertheless, several speakers lamented that the EU wasn’t moving fast enough to address the risks.

In response to a question from the audience about the regulation of the dark web and attacks by non-state actors, several speakers agreed that the dark net should not be treated differently than any other space in that the same rules should apply. The challenges of securing the space include problems with access, the large amounts of data, difficulties of attribution as well as the adapting of legal instruments. One speaker also noted that the policing of the dark net might mean some privacy rights having to be curtailed, which would be met with resistance from the public. Other questions included the future of the of UN GGE process, the cyber security of satellite launch sites, countering fake news and bots, and whether the EU could provide assistance to developing countries in the field of cyber security.

Finally, the speakers closed with an appeal to raising awareness about cyber risks and resilience and not to hide behind the excuse that is simply too complicated to explain and comprehend.

Round Three Session B | Monetary Union

Europe still finds itself at a crossroad, with its Monetary Union still lacking progress and a lot of reforms still needed. Focusing on the strategic elements of the Monetary Union, the main theme of the session was the question of what reforms in the Euro area would be needed to provide the basis for future prosperity.

The panel agreed that the first step towards progress would be to break the inherent procyclicality according to which the Eurozone operates, and which has affected the potential growth rate of the peripheral countries in a negative way. Instead, the Eurozone should be equipped with the kind of countercyclical devices that will allow it to operate more closely as an ultimate currency, enabling
targeting investment or demanding support to the regions that are affected by asymmetric shocks. To address the negative legacies that the crisis has left behind, there was consensus on the need to reduce risks through the sharing of risks. As one speaker explained, if waiting for productivity levels to converge, the periphery would be condemned into a constant stagnation, leading to an outcome that will not be in the interest of the Eurozone countries.

As outlined by one speaker, risk sharing can basically be achieved through three channels: First, the monetary, which has its limits, but where a lot of risk sharing has already occurred, and the ECB has operated as the main guarantor of stability and integrity of the Eurozone during the crisis. Second, the financial, which means moving towards a Europeanised banking system with a deposit insurance system and backstopping the SRF. As this will not be enough, these first two measures need to be backed up by a third, fiscal channel. One important aspect of it is a Eurozone safe asset, which allows the Eurozone to leverage its single currency at the global level by creating a more liquid and deep market. Discussing on the issue of risk sharing, there was disagreement on the role of national central banks. While one participant stressed that a balance between solidarity and fiscal policy is needed, another speaker stated that the national central banks have already given up fiscal autonomy and are subject to fiscal rules or discipline.

On the question of what opportunities and strategic choices the euro area has in an international perspective, the panel highlighted the challenge of the currency dominance of the dollar. This, as one speaker emphasized, not only exists because the US provides the safe assets that the world wants, but also requires the US to run account deficit and a rather big trade deficit. Similarly, it was seen questionable if the Eurozone, exporting massive amounts of capital to the rest of the world, could become a capital importer, as this would require a fundamental change of the structure of the Eurozone economy and a big change of the Eurozone governance. Nevertheless, as the panel argued, it would be good for growth in Europe, which has a huge investment deficit especially in the private sector.

Finally, the speakers emphasized that growth and investment need new rules and institutions, can be achieved through national reforms but need some form of Eurozone level stimulus during a recession. Countercyclical policy in the sense of Keynes, as a panellist argued, is not only about spending in recession, but also about saving in times of a growing economy. The Eurozone should thus follow the fiscal and debt rules, especially during economic growth, and be more flexible during recessions or periods of stagnation.

Round Three Session C | The Future of Ukraine and Europe’s Role

As a continuation of a conversation that started at Europe’s Strategic Choices 2014, the panel set out to discuss the situation in Ukraine and the strategic choices Europe is presented with going forward. The panel focused both on the domestic situation in Ukraine, assessing the changes that have occurred and those who haven’t, and the international situation, taking stock of the Minsk process and looking at the military situation on the ground.

With the decreasing international attention directed at the developments in the East of the country and the security situation in the Donbas region, the panel agreed that Ukraine was actually on the path of reform and has indeed undergone significant domestic changes, ranging from the equalization of gas prices, restructuring of debt, closure of banks that were linked to capital flight and the siphoning of
money from the treasury, an unparalleled effort to increase transparency via means of asset declarations for public servants and the reform of the public procurement process. While the country remains vulnerable to Russian efforts to destabilize the domestic political situation by making it ungovernable and a strategy of preventing a unified European position towards it, there has been a significant build-up of resilience rooted in a strong civil society. The latter has not only shown high levels of support for democratic processes but has also seen the emergence of a reinforced civic identity during the crisis. Given the dependency of political decision-makers on popular support, the panellists highlighted the importance of public opinion polls as indicators of Ukrainian citizen’s priorities. According to these polls, conflict resolution, followed by low income and corruption are the main issues for the majority of Ukrainians across the country. At the same time, polls show that while over 60 per cent of the public support a deeper integration of Ukraine with Europe, this can support does not necessarily translate into a preference for EU membership but rather an interest in a European model of governance for the country and the inclusion of the country into European normative frameworks.

Changing the perspective towards the international factors influencing the situation in Ukraine, the panellists raised several issues that could potentially risk the country’s path towards domestic reform. First, Russia, five years into the crisis, is still considered to possess the ability to exploit the country’s vulnerabilities that would arise from the potential spill over of the conflict in the East, a slowing of political reforms and disinformation campaigns that can partly rely on support from domestic actors seeking political gains. Second, Russia’s assumed goal of transforming Ukraine into an unaligned entity means that it will always possess the will to invest more political capital than an often distracted and disunited Europe. In addition, as one of the panellist highlighted, Europe was suffering from cognitive dissonance and a misleading self-perception as consistent moral actor in its relationship with Ukraine; an impression that is not shared by everyone given the ambiguity of, among others, Germany towards Russia.

While Ukraine has made its strategic choice for Europe, Europe on the other hand still has make this choice by politically and economically investing in Europe and support the continuation of the domestic reform process under difficult international conditions.

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**Closing Conversation | Managing the AI Transition (this session was on the record)**

This session primarily focused on the nature of the AI transition and what Europe could to mitigate the risks and take advantage of the opportunities therein. AI is often utilized as an all-encompassing term, wrapping up all elements of technology, and so it is critical to reflect on exactly what we mean, so we can understand the challenges and opportunities AI presents.

Work has been changing a long time before machine learning, and this history is key to understanding which domains will be most profoundly affected by it. It has taken Europe some time to realise that the technological transition underway is not just a frenzy. Furthermore, what we are witnessing is not simply a transition, but also a technological convergence, with far reaching implications for potential economic disruptions as well as opportunities. Despite ambition, it is structurally difficult for European nations to simply make their own “Airbus of AI”. Europe needs to do much more to adapt to digitization and innovation. For example, Europe is way behind the US on big data utilization and businesses’ understanding of it. Market size is extremely important for digitization, with a minimum required to be effective and the European market can be viewed as small and fragmented.
Institutionally, UN understanding of AI has grown exponentially in recent years. No UN Sec Gen had mentioned AI until 2016 - the shift came with the focus on climate change and technology under Gutierrez. A new focus became “AI for Good” – designing an ethical framework for AI in law enforcement, responding to displaced workers from AI in the developing world.

To take advantage of the real growth areas of AI, there is a critical need to discuss skills and how you reskill. As an emerging and evolving market, it can be difficult to forecast its demand. As a result, while technical skills also should not be discounted, adaptability and communication are most key.

China has become a major area of focus, where slow AI is reshaping national security. Many areas are misunderstood however. Social credit, for example, causes more anxiety outside of China than in it, and this highlights a key consideration when looking at transitions – that different people and countries may have different priorities and anxieties. How should the disparity between the perceived importance of these issues be considered, when designing systems with a potentially global reach? The issue of data and China has highlighted the need to look at the ethical considerations when we allow people to track others. There is also the questions of consumer rights in the face of algorithmic decision making, as they have limited means of recourse, even if it could potentially aid fairness – there are both sides to it, but it is clear that the importance of human rights with AI integration cannot be understated, including notions of fairness, inclusion, the ability to investigate/interrogate – how can we make these meaningful to the systems themselves.